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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1990

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

H.R. 3072

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1990, AND FOR OTHER PURPOSES

PART 2 (Pages 1-332)

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JOINT HEARING

DEPARTMENT OF DEFENSE AND MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1990

THURSDAY, MARCH 2, 1989

U.S. SENATE,
SUBCOMMITTEES OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittees met at 9:10 a.m. in room SD-192, Dirksen Senate Office Building, Hon. Daniel Inouye (chairman of the Subcommittee on Defense) presiding.

Present: Senators Inouye, DeConcini, Lautenberg, Harkin, Garn, Kasten, D'Amato, Reid, and Grassley; also present: Senator Bradley.

DEPARTMENT OF DEFENSE

BASE CLOSURES AND REALIGNMENTS

STATEMENT OF SENATOR INOUYE

Senator INOUYE. Today, the Senate Appropriations Subcommittees on Defense and Military Construction are holding a joint hearing on base closures and realignments. We will hear first from the former Chairmen of the Commission on Base Closure and Realignment—Senator Abraham Ribicoff and Congressman Jack Edwards. We will then hear from the Department of Defense representative, Mr. Robert Stone, the Deputy Assistant Secretary of Defense for Installations.

Senator Sasser, chairman of the Military Construction Subcommittee, cannot be here today because of the concurrent scheduling of a Budget Committee hearing. As the second ranking Democratic member on Military Construction, I will chair today for both subcommittees. Senator Grassley, as ranking minority member, is here to represent the Military Construction Subcommittee.

The Commission on Base Realignment and Closure's recommendations were announced on December 29, 1988, and affect 145 Department of Defense installations. The Commission forecasts upfront military construction and design costs from 1990 through 1994 of approximately $1.8 billion. Annual recurring savings of $694 million are estimated to occur after 1994. The recommendations would result in elimination of 12,889 military and 7,748 civilian positions.

The Commission's recommendations were fully endorsed by former Secretary Carlucci on January 5, 1989. The fiscal year 1990 defense budget includes a new base closure appropriation account consistent with the Commission's recommendation, and requests $500 million in both fiscal year 1990 and fiscal year 1991 for this account. Under the base closure legislation passed last year, the Secretary of Defense may implement the installation closures and cutbacks beginning in January 1990, unless a resolution is enacted within 45 days after March 15, 1989.

Senator Ribicoff and Congressman Edwards, we appreciate your taking time to appear before our subcommittee. It is good to see you again. You clearly took on a difficult task. The other Commissioners, the Commission staff, and you deserve credit for taking on such a complex and controversial project.

Senator Grassley, do you have an opening statement?

STATEMENT OF SENATOR GRASSLEY

Senator **GRASSLEY**. I am pleased to be here to receive testimony from our distinguished witnesses on this most important matter. Let me say at the outset that I believe the Commission has done an excellent job under less than perfect conditions. We are all aware that the subject of base closures has been, and undoubtedly will continue to be, a political hot potato; and one that neither the executive branch nor the legislative branch of our government has ever enjoyed handling.

In that regard, we are indebted to the Commission for bringing forth a package of recommendations that suggest some savings can be made to the defense budget through a base realignment and closure program.

Let me say, however, that I believe the Commission's report is merely the beginning of what must be a careful review by the Congress of what savings can be realized and at what expense.

I know that I share the concerns of many of my colleagues that we must look at all aspects of the recommendations. I am aware that the President's budget for fiscal year 1990 and 1991 seeks $1 billion to begin the realignments and closures. From my position as the ranking member of the Military Construction Subcommittee, I understand that construction costs alone could be in the $2 billion range or more.

At this time, I am also aware that the funding for the implementation of the Commission's recommendations is included in the Defense Appropriations Subcommittee jurisdiction. I am hopeful, however, that we can work closely on this issue to insure that all concerns are taken into consideration.

Again, I want to welcome our distinguished witnesses—the Cochairmen of the Commission, Senator Ribicoff and Representative Edwards. We look forward to hearing your comments this morning, as well as those of Mr. Stone who will present testimony for the Defense Department.

And let me say in closing, that it is a pleasure to be here with my friend from Hawaii. As you all know, I am new to the Subcommittee on Military Construction, but I understand that Chairman Inouye has been a member of both of these subcommittees continuously since 1975. I salute him for his diligence and look forward to working with him.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you, Senator Grassley.

Senator Garn, do you have a statement you would like to offer at this time?

STATEMENT OF SENATOR GARN

Senator GARN. I will not be able to stay for the entire hearing, but I certainly want to welcome Senator Ribicoff back. As many of you on this panel did, I had the honor of serving with him for a number of years.

Jack Edwards and I used to work together on conference committees, sometimes at length, so it is a pleasure to have both of you back.

I would make a brief comment just on the part of the base closure that affects Fort Douglas in Utah. This is not a new issue.

The entire time I have been in the U.S. Senate, every time a list has come up, Fort Douglas has appeared on that list.

The last time it did, several years ago, the study showed that it would save money—and indeed it would, for the Army. At that time, I had a General Accounting Office study performed which indicated that, while the Army would save money, overall with the other agencies on the fort, it would cost the Government money to close it down, and a considerable amount. So it was not closed for that reason—when you looked at the overall picture.

Once again it has appeared on the list, and I do not have objection to closing Fort Douglas. It is still a difficult issue at home with some, but the background is rather interesting.

Fort Douglas originally was around 10,000 acres. So when we talk about closing it, some 9,800 acres of that 10,000 has already been closed, the vast majority of that incorporated into the University of Utah campus.

So it has been closed on a phased basis, so to speak, over a long number of years.

We are down now—think the total now is about 165 acres or so left, out of 10,000. The only issue left is not whether it be closed or not, but where the surplus land goes. It is obvious to me, and logical, that where over 9,700 acres has gone to the University of Utah, it would seem that the surplus, where it is totally surrounded by the university, it would be logical for it to be added to the university in light of past history.

There is one remaining thing in the report that has been overlooked by some, and some seemed surprised. It is talking about consolidation of the Reserve facility there, and maintaining it.

There is a six-State, 96th Army Reserve Command, and so I want that to be made plain, that it is in this report that that Reserve facility stay there.

If it did not, the cost of relocation would be far, far higher in finding new facilities than to keep it. So, I just wanted to indicate that, Mr. Chairman, that I do not oppose the recommendation of the Commission.

I just felt I wanted to make sure on public record that I think that surplus land should go to the University of Utah, and we should decide on how much land, of the remaining fort, should be consolidated and reserved to maintain the 96th Army Reserve Command there.

Thank you very much.

Senator Inouye: Thank you very much.

Senator Lautenberg?

Statement of Senator Lautenberg

Senator Lautenberg. Thank you, Mr. Chairman, and I, too, want to welcome our witnesses, our former colleague and Mr. Edwards. It is nice to see both of you.

Mr. Chairman, I want to thank you for scheduling these hearings today on this issue, this important issue of base closure.

These two subcommittees will play a key role in reviewing the Defense Department's request for $500 million in fiscal years 1990 and 1991 appropriations to close down or reduce to semiactive status various military bases around the country. Now, I for one do not believe that we should appropriate the money to implement the Base Closing Commission's recommendations.

After reviewing the Commission documents, I believe the recommendations of the Commission have some flaws and ought to be rejected. They are based on a subjective analysis, and one I consider faulty, and have not been able to withstand the scrutiny that it should be able to, in my opinion. In particular the decision to reduce Fort Dix to semiactive status is one that seems to me penny wise and pound foolish.

The questions I will be looking for answers for will be to establish that fact.

First, I am going to be asking the Commissioners about what is and what is not included in the cost savings they project in reducing Fort Dix to semiactive status.

Now, I am not convinced from my review of these documents that the cost savings projected are real, or that the costs to close down Fort Dix have all been included in the Commission's calculations.

I will also seek to establish that the Commission manipulated its analysis, first to support a decision to close down Fort Dix, and then, under pressure from the Army, to support a recommendation to reduce Fort Dix instead to semiactive status.

I am going to ask why they rejected base closure options that would have saved the taxpayers more money, and permitted our recruits to be trained and housed in better facilities than the option chosen; that is, the one of closing Fort Dix. I am going to be asking, also, why they disregarded an Army audit report that urged the exact opposite of the Commission recommendation to reduce basic training at Fort Dix.

My questions also will focus on the fact that although the Commission analysis appears to be based on objective factors, they were able to change the weighting they gave to those factors to permit them to support virtually any conclusion they wanted. And when those objective factors failed to support the conclusion they wanted to reach, they simply went back and gave more weight to those factors that would support the conclusion they were attempting to reach.

I gave more weight to those facts which would support the conclusion.

Finally, my questions also will seek to establish that in view of likely increases in basic training needs it is foolish to get rid of training space instead of preserving it. Although time may not permit me to ask all these questions thoroughly today, I will submit the questions that time does not permit me to ask for the record.

Mr. Chairman, I support efforts to achieve savings in our defense budget, both at unnecessary and wasteful defense facilities. However, in my judgment the Commission has failed to support its recommendation with respect to Fort Dix. This may be true in other cases as well. I cannot support, however, the Commission's recommendations as in either New Jersey's or our Nation's best interests.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you.

Senator Reid?

STATEMENT OF SENATOR REID

Senator REID. Mr. Chairman, as happens so often, as indicated by Senator Garn, there are other matters which sometimes take our attention away from some of our subcommittee matters.

I congratulate you and Senator Sasser for holding these hearings. I have a number of questions that it will be necessary for me to submit in writing that deal with airspace and that deal with some of the hazardous cleanup that has been the subject of some attention the last few weeks.

Thank you.

Senator INOUYE. Senator DeConcini?

STATEMENT OF SENATOR DECONCINI

Senator DECONCINI. Mr. Chairman, thank you very much. I want to welcome Senator Ribicoff and Representative Edwards and thank them for their effort and what they have done I think is a Herculean job. I have some problems with it, but I am not so sure they are surprised to hear that.

I want to thank Congressman Edwards for taking my call on a couple of occasions. I would have called you, Senator Ribicoff, but I think you were out of town and I am sure you are glad of that.

CONCERN EXPRESSED ON BASE CLOSURE BILL

I am concerned about this base closure bill, officially titled the Base Closure and Realignment Act, which passed in October 1988. The Commission recommendations were sent to the Secretary on December 29, 1988, and he adopted their report on January 5, 1989.

As you can see, this is a very compact schedule to evaluate and analyze all of the U.S. military installations.

A total of 145 bases were affected and 86 were recommended for some closure or changes. Additionally, the Commission estimated that this bill will save $694 million annually after 1994. The General Accounting Office estimates 75 percent of this savings is in reducing personnel cost and DOD would not realize these savings unless there is a corresponding reduction in authorized personnel ceilings.

However, up-front military construction and design costs of 1990 to 1994 are estimated to be $1.8 billion. There is also a cost of $500 million in both 1990 and 1991 to begin this process. These savings are quickly evaporated.

With all respect to the Commissioners, I have been extremely frustrated with the Commission's findings. For example, I received five different sets of figures for the number of personnel leaving Fort Devens and relocating to Fort Huachuca, AZ. The latest figures to the fort are still not finalized as of today. When the Commission gave them to my office yesterday they said, "I can't guarantee that this is the final set. I am sure that these will change."

There are also studies from the Information System Command that directly contradict the Commission figures, particularly in savings. From the information I have gathered, it appears that the decision to move the ISC from Fort Huachuca to Fort Devens will never save money and it is costly to our taxpayers.

I am particularly concerned about Fort Huachuca for obvious reasons. But I understand that bases in California, Indiana, Illinois, and New Jersey are also experiencing errors, miscalculations, and omissions on some data. This is not one parochial base in a Senator's constituency but appears to be part of a troubling trend in the Commission's evaluation process.

COOPERATION OF SERVICES

I would also like to point out Senator Eagleton's minority comments in the Commission's report. He says that the Air Force ultimately cooperated, the Army begrudgingly gave reluctant cooperation, and the Navy stonewalled. I am anxious to hear the Commissioners' observations of those three services and their participation.

This general trend is what I consider to be lack of cooperation and may have contributed to many of the problems, including inconsistencies and lack of data that we in Congress are now experiencing. I hope that I do not second guess my original support for this bill. I have many reservations whether this bill really saves money, which I think is what it was all about.

I, too, want to join to thank the chairman of this committee for scheduling these hearings because if we are going to close bases—and I think we have to—I think it has to be, Mr. Chairman, on the basis of accurate figures that demonstrate savings.

Thank you, Mr. Chairman.

Senator **Inouye**. Thank you very much. Although Senator Bradley is not a member of this committee I invited him to participate in this morning's proceedings because of his interest in the matter before us.

Senator Bradley, do you have a statement?

STATEMENT OF SENATOR BRADLEY

Senator BRADLEY. Mr. Chairman, I am just very pleased to join my colleague, Senator Lautenberg. I appreciate his willingness to allow me to join you today on this issue of very great importance to New Jersey, and I would like to express my appreciation to you for allowing me to participate in these hearings as well.

This is an issue of enormous importance to the State of New Jersey and I think it is of enormous importance to the military as well, and I appreciate allowing us to do a one-two to try to get the facts in this matter.

Senator INOUYE. Thank you very much.

And now may I call on the Co-Chairmen of the Defense Secretary's Commission on Base Realignment and Closures, Senator Ribicoff and Representative Edwards.

Your complete statement will be included in the record of this hearing. If you wish to summarize your prepared remarks, you may do so. Please proceed as you wish.

STATEMENT OF HON. ABRAHAM RIBICOFF, CO-CHAIRMAN, DEFENSE SECRETARY'S COMMISSION ON BASE REALIGNMENTS AND CLOSURES

Senator RIBICOFF. Mr. Chairman, Mr. Grassley and members of the Committee, it is really a privilege to be before you, but it is really a pleasure because it gives me an opportunity of seeing and saying hello to my former colleagues who I had not seen for a long, long time. I follow you in the press, I watch your work, and I commend you for your achievements, and it is really good to say hello to all of you.

Mr. Chairman, after reviewing all military installations on American soil, including those currently under construction or planned for construction, the Commission identified a number of them that we believed should be closed or realigned.

EVALUATION CRITERIA

We arrived at these recommendations after serious consideration. We understand, and we could anticipate from our own experience, the reaction of the civilian communities surrounding the bases identified for closure. Change is not always welcomed; in fact, it can be threatening.

In our review we were heartened by the substantial evidence showing that communities do recover from the temporary dislocations that result from base closings. Many end up much better off once they have succeeded in replacing the military activity at the base with other economic activities related to the private sector.

Environmental concerns are also valid when major land-use changes take place. We paid special attention to environmental factors bearing on our proposed actions. In a number of cases, the environment will benefit.

Throughout our 5 public hearings, 12 business meetings, and numerous informal sessions, the Commission's primary focus was the military value of the base structure. We evaluated military value for individual bases in terms of how each will meet the mission-related needs of the units or activities located there, measured against a set of criteria applied consistently to all installations in a given category.

At the same time, the review process that we developed revealed whether there was additional capacity within categories of bases having similar missions. The number of bases that can be closed in an operation such as this depends on the amount of excess capacity in the system. We sought ways to realign functions and units in such a manner as to improve mission performance. This led, in some cases, to the vacating of bases and, in others, to a diminishment of activity.

FACTORS CONTRIBUTING TO VALUE OF BASES

As we evaluated the base structure we addressed a number of factors that contributed to military value of a base—physical characteristics, the relationship to the surrounding communities, and the condition of the facilities.

Regarding the physical characteristics of a base, its size and location were significant in our review since they relate to the installation's ability to support current and contemplated missions. Furthermore, size and location are primary considerations in determining an installation's ability to accept additional units or activities resulting from a reorganization of the base structure.

In reviewing the issue of size and location, the Commission developed a concern about the adequacy of training areas for the Armed Forces. Modern tactical warfare doctrine calls for greatly increased mobility. The operating space requirements for modern units dwarf those of yesterday's forces. For instance, today a mechanized Army battalion needs more than 80,000 acres to practice standard maneuvers, 20 times more land than required by its World War II predecessor.

The sophistication and extended ranges of modern weapons also increase the requirements for larger training areas. Today, with the high speed of modern tactical aircraft, large ground practice ranges adequate for training 10 years ago are overflown in a matter of seconds. A World War II fighter aircraft had a requirement for aerial maneuver space of 5 nautical miles; today's fighter aircraft need 40 miles, and even this requirement will be doubled in the near future with the advent of the advanced tactical fighter.

There is also a growing need for a new kind of range capable of accommodating the full use of electronic warfare devices without interfering with civilian uses of the airwaves.

VARIED TERRAINS

Realistic training requires access to varied terrain. Marine Corps units, practicing amphibious operations, need beach landing sites with appropriate tides. Low-level helicopter flight training must be conducted over challenging terrain in order to develop pilot proficiency. Armored and mechanized infantry units require soil stable enough to support heavy vehicles. And we hope that the services and the Congress will seriously consider our recommendations regarding the acquisition of large areas for military training.

In some instances, a factor of military value involves the ability of a military base to survive in a nuclear environment. Years ago, the speed and range of strategic bombers dictated their bases be located near the coasts to facilitate reaching their targets overseas.

However, while technology has since extended the range of strategic bombers it has also provided the Soviets with missile-equipped submarines which are now a consideration in locating strategic bomber bases further inland to improve their survivability.

Another factor that was considered was the relationship between the base and its surrounding community. Despite the relatively large land area of the United States, there is often an intense competition for desirable areas. Bases that once were remote and isolated are now engulfed by urban development.

ENCROACHMENT PROBLEM

The encroachment of civilian activities on military installations affects their operations. Civilian encroachment has constrained the growth potential of many bases while reducing their ability to conduct training and has impeded, in some instances, efforts to consolidate units or functions.

We found the encroachment problem to be particularly acute for military flight operations. Air bases across the country must contend with extremely congested air space due to the rapid growth of commercial and private aviation. In addition, those air bases located near populated areas are restricted by noise abatement requirements and limits on night operations.

A third factor with a direct impact on military value is the condition of base facilities. Substandard facilities damage both operational effectiveness and morale.

The continued presence on numerous bases of a large number of wooden buildings erected during World War II and designed to be used for 10 years at most is but one example. We learned that the current base structure was not ideal.

NEED FOR LARGER MILITARY TRAINING RANGES

It is evident there is a real need for larger military training ranges to overcome the current restrictions in land, air, and water space. To address this problem from a joint-use perspective, the services should seek ways in which they might expand training areas, such as the National Training Center at Fort Irwin, CA, to accommodate the need for battalion, brigade, and division level maneuver coordinated with artillery, missile, and air support.

For example, combining Twenty-nine Palms, Fort Irwin, and Camp Roberts, CA, Nellis Air Force Base, NV, and range areas in western Utah could, with the addition of several hundred thousand acres of leased land in Death Valley, provide a greatly expanded area to meet the armed services training requirements for the foreseeable future.

In conclusion, we believe that the Commission's recommendations offer an important opportunity not only to save taxpayer money, but also do so without compromising the security of our Nation.

Thank you, Mr. Chairman.

Senator **Inouye**. Thank you very much, Senator.

Congressman Edwards?

STATEMENT OF HON. JACK EDWARDS, CO-CHAIRMAN, DEFENSE SECRETARY'S COMMISSION ON BASE REALIGNMENTS AND CLOSURES

Mr. **Edwards**. Mr. Chairman and members of the Defense and Military Construction Subcommittees, we are pleased to be here today to testify on the findings and recommendations of the Defense Secretary's Commission on Base Realignment and Closures.

Let me preface my remarks by making a quick comment on the thesis of Senator Ribicoff's remarks, and that is that these statements concerning the needs for expanded training areas and different approaches to training are not gratuitous statements on the part of the Commission. We found a continuing need to shift and adjust and make changes as technology and force structure and areas of the country changed, and so we urge you to take serious consideration as far as these comments are concerned.

One of my first experiences, Mr Chairman, as a freshman Representative from Alabama, was the closure of a base in my district. I had been elected 2 weeks, was not even in office, when 14,000 civilians were ordered away from Mobile, AL, Brookley Air Force Base. It was 17 percent of the work force.

Just like Senators and Congressmen today, I fought hard against that decision for some 2 years, and finally lost. It turned out, however, that Brookley has experienced a very successful conversion from military to civilian use. Today it is an industrial, aviation, and educational complex with the potential for even more development.

That experience has been and can be repeated with encouragement from the Federal Government and hard work at the local level. Nothing our Commission recommended comes close to the magnitude of Brookley. If I may say parenthetically that when Secretary McNamara testified before our committee we eyeballed each other and smiled, and I said to the Secretary there was a time when I really did not care for you, when you shut down my base, but now I like you pretty well. We have a thriving industrial complex there today.

REVIEW PROCESS

I would like to spend a few minutes to review the process by which we arrived at our recommendations. It is described in our report and in our prepared statement, but there are several important pieces that I think ought to be emphasized.

MILITARY VALUE

First, military value was truly the touchstone of the process. It is where we started out in identifying installations that were candidates for review and where we ended up in specifying realignments of units and functions so as to enhance their missions. So while other factors were considered, the concept of military value and its application to the task we were asked to accomplish dominated our deliberations. I think you will agree that it is entirely proper in an undertaking of this nature that military value be paramount.

The next point I would like to reiterate is that our process was thoroughly methodical and not mechanical. We collected a vast amount of data describing conditions on the thousands of installations we were asked to review. We used this data to compare installations having similar missions, and what we called utility arrays, in order to get some indication of the potential for taking actions.

COMPREHENSIVE PROCESS

Then, as a group, the Commission applied its collective judgment to the matter at hand in arriving at the final decision. We did not just pluck these recommendations out of thin air or off some previous list, and we did not blindly follow the utility arrays. We identified candidates through a comprehensive process that we developed ourselves and we merged common sense with objective criteria in making our recommendations.

As in every endeavor of this sort, there will be those who challenge our judgment. In fact, there has been a certain amount of second-guessing going on ever since we presented you our report last December. Much of the relatively small amount of negative reaction has been personal. People upset that the local base where they work or which provides their customers or which provide, in the case of military retirees, a source of medical and other benefits is on the list.

Sometimes the question of data is brought up in one of two ways. First, there are allegations that the Commission did not have or did not use accurate information about the base in question, that it is a much finer place than described in the report.

In fact, we found very few installations that were of no military value. All of them have various amenities. But we were not asked to find any useless bases. Rather, we were charged with finding underutilized or unnecessary ones.

As you know, the primary source for data about individual bases can only come from the military services. We made an assumption that the services would have accurate data for their own utility. We checked that assumption with our own auditing procedures and found this to be true.

COST FACTOR

The second data base argument has to do with cost. People find it hard to believe that we can shut down an operation at one installation and resume it at another without a great deal of waste and extra expenditure. Sometimes a recommendation of ours involved walking away from a relatively new facility that people, the taxpayers, in a local community have observed being built. It is probably hard to believe that such a move will save money.

In fact, we spent much time in developing and improving our cost-estimating model to assist in our deliberations. It is not the final word in such models, but I believe I can safely say that it represents the most sophisticated cost-estimating approach ever brought to bear on this issue of base realignments and closures. Having observed its effectiveness, several of the services plan to adopt it to their own uses.

We included a full spectrum of cost, both one-time and recurring, costs related to sale and purchase of real estate, to construction, to transportation of equipment, the relocation of personnel, to changes in administering benefit programs, to improvements in operations, to consolidation of common support functions. We think we pretty much covered the waterfront, the few costs that were intentionally omitted having no material effect on the outcome of cost considerations.

Of course, the projections are estimates, but we believe they are reasonable since they are based on a very comprehensive set of inputs. So while we believe that everyone has the right to a different opinion, we do not feel that our critics have a right to different facts. We have confidence in the overall quality of the data that we have used.

CONSTRAINTS ON COMMISSION

Two final points, Mr. Chairman. First, given the scope of our task, there were some constraints on our ability to act. Senator Ribicoff and I have both commented on other occasions about the fact that the 6-year payback criterion served to limit the extent of our recommended actions. Our report strongly suggests that future base closing efforts should not be so tightly constrained. If we had been working with a ten-year payback provision, for example, or other payback provisions, we probably could have produced a report calling for greater savings.

Second, in order for this process to work some up-front military construction money will be required, pump-priming money, if you will. In most cases, disposing of bases will produce revenues for the base closure account, but a substantial appropriation will be required to get started.

We recommended a minimum of $300 million in order to generate the expected long-term savings, and I understand that the Department of Defense budget for fiscal years 1990 and 1991 has recommended a larger amount, $500 million, for each of the next 2 years.

It has been said that the larger loophole in this whole plan is that the Congress may just fail to appropriate this money. That, in my opinion, would be most unfortunate and unwise.

Mr. Chairman, it has been some 12 years since a major base has been closed in this country, and we urge the Congress to do what must be done to act favorably on the Commission report and authorize and appropriate the necessary money to make this plan work.

[The joint statement of Senator Ribicoff and Mr. Edwards follows:]

JOINT STATEMENT OF SENATOR ABRAHAM RIBICOFF AND REPRESENTATIVE JACK EDWARDS

Mr. Chairman, Members of the Defense and Military Construction Subcommittees.

We are pleased to be here today to testify on the findings and recommendations of the Defense Secretary's Commission on Base realignment and Closure.

After reviewing all military installations on American soil, including those currently under construction or planned for construction, the Commission identified a number of them that we believe should be closed or realigned.

We arrived at these recommendations after serious consideration. We understand and could anticipate the reaction of the civilian communities surrounding the bases identified for closure. Change is not always welcomed; in fact, it can be very threatening. In our review, we were heartened by the substantial evidence showing that communities do recover from the temporary dislocations that result from a base closing. Many end up much better off, once they have succeeded in replacing the military activity at the base with other economic activities related to the private sector. Nevertheless, the initial concerns are valid, and the hardship can be very real for the individuals, schools, local governments, and businesses affected. We considered the socioeconomic impact of our recommendations, and believe that it will be minimal in nearly all cases.

Environmental concerns are also valid when major land-use changes take place. The application of environmental regulations to base closing efforts is a key factor in the recent history of this entire issue. We paid special attention to environmental factors bearing on our proposed actions, and are satisfied that the environment of the bases concerned will not suffer from their implementation. In a number of cases, the environment will benefit.

Throughout our five public hearings, twelve business meetings, and numerous informal sessions, the Commission's primary focus was the military value of the base structure. We evaluated military value for individual bases in terms of how well each base met the mission-related needs of the units or activities located there, measured against a set of criteria applied consistently to all installations in a given category. We established categories in order to avoid comparing apples to oranges.

At the same time, the review process that we developed revealed whether there was additional capacity within categories of bases having similar missions. The number of bases that can be closed in an operation such as this depends on the amount of excess capacity in the system. In those cases where individual bases did in fact have serious deficiencies in their ability to support assigned missions, and if there was some appropriate capacity available within the system, we sought ways to realign functions and units in such a manner as to improve mission performance. This led, in some cases, to the vacating of bases, and in others, to a diminishment of activity.

That, in simple terms, is the process that we used for our task. The process was, of course, supported by mountains of detailed data, presented in formats and in accordance with decision rules approved by the Commission. We also developed a comprehensive cost model, described in our report, that was used to estimate the various costs associated with our proposed recommendations. This model was essential in determining whether a particular set of realignment actions related to a specific base could be accommodated within the payback guidelines set forth in our charter. Let us stress that this cost-estimating model did not make decisions; it merely estimated costs related to tentative decisions.

It was our charge to exercise a collective judgment about the issues that confronted us. The process was in no way a purely mechanical one. As Commissioners, we insisted that the information presented to us be objective and free of value judgments. We then applied what we believed to be common sense, based on our aggregated public-service experience, to the objective information in order to reach our final recommendations. We all felt strongly about this, and took our responsibilities very seriously. It did not enter our minds simply to endorse some computer-generated or anecdotal list of bases for closure, and we can assure you that the recommendations we submitted to the Congress and to the Secretary of Defense last December reflect our collective personal judgment. The individual Military Services were generally cooperative. Even though they did not like all of our recommendations.

As we evaluated the base structure, we addressed a number of factors that contributed to the military value of a base: physical characteristics, the relationship to the surrounding communities, and the condition of the facilities.

Regarding the physical characteristics of a base, its size and location were significant in our review since they relate to the installation's ability to support current and contemplated missions. Furthermore, size and location are primary considerations in determining an installation's ability to accept additional units or activities resulting from a reorganization of the base structure.

In reviewing the issue of size and location, the Commission developed a concern about the adequacy of training areas for the Armed Forces. Modem tactical warfare doctrine calls for greatly increased mobility. The operating space requirements for modern units dwarf those of yesterday's forces. For instance, today a mechanized Army battalion needs more than 80,000 acres to practice standard maneuvers, twenty times more land than required by its World War II predecessor.

The sophistication and extended ranges of modern weapons also increase the requirements for larger training areas. Today, with the high speed of modem tactical aircraft, large ground practice ranges, adequate for training ten years ago, are overflown in a matter of seconds. A World War II fighter aircraft had a requirement for aerial maneuver space of five nautical miles. Today's fighter aircraft need forty miles, and even this requirement will be doubled in the near future with the advent of the Advanced Tactical Fighter. There is also a growing need for a new kind of range capable of accommodating the full use of electronic-warfare devices without interfering with civilian use of the airwaves.

Realistic training requires access to varied terrain. Marine Corps units, practicing amphibious operations, need beach landing sites with appropriate tides. Low-level helicopter flight training must be conducted over challenging terrain in order to develop pilot proficiency. Armored and mechanized-infantry units require soil stable enough to support heavy vehicles. While simulation techniques are useful in meeting some training requirements, unit proficiency can only be attained through "real life" exercises. We hope that the Services and the Congress will seriously consider our recommendations regarding the acquisition of large areas for military training.

In certain instances, a specific location is a critical prerequisite to the mission accomplishment of a base. Two examples illustrate this.

First, despite the higher land values associated with such locations, the Navy needs deep water ports that have easy access to the ocean and are close to our sea lines of communication. Second, the Marine Corps mission to conduct amphibious over-the-shore operations requires access to beach front training areas, again in increasingly costly locations.

In some instances, a factor of military value involves the ability of a military base to survive in a nuclear environment. Years ago, the speed and range of strategic bombers dictated that their bases be located near the coasts to facilitate reaching their targets overseas. However, while technology has since extended the range of strategic bombers, it has also provided the Soviets with missile-equipped submarines, which are now a consideration in locating strategic bomber bases further inland to improve their survivability.

Weather and its effects on flight-training and operations can be another important physical factor in basing considerations. Special climatic conditions may be desirable for training unique units, as well as for research, development and testing of equipment.

Another factor that we considered was the relationship between the base and its surrounding community. Despite the relatively large land area of the United States, there is often an intense competition for desirable areas. Bases that once were remote and isolated are now engulfed by urban development. This encroachment of civilian activities on military installations affects their operations. Civilian encroachment has constrained the growth potential of many bases while reducing their ability to conduct training and has impeded, in some instances, efforts to consolidate units or functions. In some parts of the country, a growing competition for valuable land has pitted local interests against military requirements. This has been particularly evident near deep-water ports.

We found the encroachment problem to be particularly acute for military flight operations. Air bases across the country must contend with extremely congested air space due to the rapid growth of commercial and private aviation. In addition, those air bases located near populated areas are restricted by noise abatement requirements and limits on night operations.

A third factor with a direct impact on military value is the condition of base facilities. Substandard facilities damage both operational effectiveness and morale.

During visits to various installations, Commissioners and staff observed a great number of deteriorating facilities. The continued presence on numerous bases of a large number of wooden buildings erected during World War II and designed to be used for ten years at most is but one example. The data on individual installations provided by the Services showed that antiquated structures are commonplace and are not restricted to any single Service or mission area.

We recognize that military construction projects compete for funds with other national defense requirements. However, we encourage the Department of Defense and Congress to consider the adverse impact that inadequate living and working conditions have on the performance and retention of personnel.

Under ideal conditions, the Department of Defense would be able to design a base structure from the ground up with full consideration given to the mission requirements of its forces. However, the reality is that any comprehensive basing proposal must begin with the existing base structure.

When a new basing requirement arises, the first response is to determine whether that requirement can be met at an existing base, because it is more economical to station a new unit on an existing base that may have some unused space rather than acquire a large tract of land and build a complete infrastructure at a new location.

We learned that the current base structure was not ideal. It is evident there is a real need for larger military training ranges to overcome the current restrictions in land, air, and water space. To address this problem from a joint use perspective, the Services should seek ways in which they might expand training areas, such as the National Training Center at Fort Irwin, California to accommodate the need for battalion, brigade, and division level maneuver coordinated with artillery, missile, and air support. For example, combining Twentynine Palms, Fort Irwin, and Camp Roberts, California; Nellis Air Force Base, Nevada and range areas in western Utah could, with the addition of several hundred thousand acres of leased land in Death Valley, provide a greatly expanded area to meet the Armed Services training requirements for the foreseeable future. Nevertheless, the base structure generally meets the mission related needs of the Armed Services in the context of their current force structure, and on that basis, the task of the Commission was primarily one of adjustment.

During the course of our evaluations, we encountered a number of situations that, while not involving proposed base closures or realignments in all cases, do require attention. Accordingly, the Commission decided to make a series of recommendations with the understanding that they are not part of the "all or none" package. In some cases, these recommendations are critical to the successful implementation of the Commission's base closure and realignment recommendations.

In the area of financing base closures, the Commission is extremely concerned that the implementation of its recommendations may be frustrated unless adequate funding is provided early in the process and that existing rules and regulations affecting the process are streamlined. In order to accomplish this goal, the Commission recommends the following:

Capitalize the Base Closure Account as quickly as possible. At a minimum, the Account should receive $300 million in appropriations in the Fiscal Year 90 Defense Appropriations Bill.

Congress and the Department of Defense should develop special reprogramming rules to permit the transfer of other Department funds into this Account as necessary. The Services should be given authority to reprogram fiscal year 1989 funds appropriated for construction projects at installations designated for closure. This action will enable the Services to accomplish timely environmental analyses, construction design, and site preparation.

So as not to delay the timely implementation of its recommendations, the Commission recommends granting statutory relief from Section 207(a) (2) of the Base Closure and Realignment Act, which prohibits the Secretary of Defense from transferring into the Account other funds appropriated to the Department until approval is obtained in an appropriations act and notice is provided to the Congress.

Provide statutory relief from the provisions of the Federal Property and Administrative Services Act of 1940 (40 U.S.C. 471 et seq.) that restrict the way the Secretary disposes of real property and facilities. The current requirements present a complex and time-consuming screening process that may lead to delays resulting in minimal proceeds for the Base Closure Account to fund relocations.

The Administration should remove regulatory impediments for the sale of excess land. Also, it should enforce the current Office of Management and Budget policy that transfers between Federal agencies be accomplished at fair market value.

The Department of Defense should accelerate efforts to dispose of "salable" land in order to deposit those proceeds into the Base Closure Account as rapidly as possible. Also, the Department is encouraged to be innovative in this effort. For example, it may not be necessary to vacate the land before a sale is made. Further, a sale may be contingent on the buyers providing replacement facilities for the military, who would move when there are facilities available.

Finally, the Commission recommends that the Secretary of Defense, in managing the Base Closure Account, makes disbursements from the Account in proportion to both the Services' contributions to the Account and the Services expected savings. This approach is fair and would provide incentives for the Services to take actions to build the Account balance.

It is clear that if the base closure process is to advance during a time of severe budget constraints, it will be necessary to make the program self financing to the greatest extent possible. The Commission's recommendations were made with this goal in mind.

The Commission recommends that, in addition to current initiatives, the Secretary of Defense also consider, after costs of implementing the Commission's recommendations have been satisfied, using any remaining funds to lease or acquire land to facilitate the creation of an expanded range complex.

In light of the concern Congress has expressed about the presence of the Department of Defense in the National Capital Region, the Commission reviewed the results of a master-development planning effort documented in "A Report to Congress on Department of Defense Administrative Space Planning for the National Capital Region.

We realize that much of Department of Defense occupied administrative space in the National Capital Region is leased, that lease costs in the National Capital Region are among the highest in the nation, and that costs are expected to soar in the next ten years.

Consequently, the Commission endorses the broad planning goals developed in the study and urges the Secretary of Defense to consider long-range alternatives to reduce the cost of leased space in the National Capital Region. The Commission specifically encourages the Army's public-private development plans for the Fort Belvoir Engineer Proving Ground. The development concept is to encourage the sale or exchange of the 820-acre parcel to a private developer who would, in turn, construct needed office facilities for the Department of the Army on a portion of the site, while developing the balance of the site as private office parks and residential communities. The Commission supports the passage of special legislation authorizing this public-private development and similar Department of Defense initiatives in the National Capital Region.

The Army's development plan at Fort Belvoir is illustrative of various innovative real-estate agreements being pursued by all the Services. These efforts typically lead to enhanced mission capability, consolidation of Department of Defense functions, and significant cost savings.

We found that another example of such transactions is the Marine Corps plan to consolidate its geographically separate activities in the Kansas City area. As a result of creative real-estate agreements, three Marine Corps functions will be collocated in the same vicinity with the Army, Navy, and Air Force activities.

The Commission recommends that the Secretary of Defense establish policies and guidelines that encourage the Services to pursue innovative real-estate transactions.

In reviewing Department of Defense reserve-unit locations, the Commission found there were many opportunities for improved efficiency through closure and realignment. However, the Commission was reluctant to include such facilities for closure and realignment, since there is no statutory guarantee that proceeds form the sale of a specific reserve activity will be applied directly to the associated relocation costs.

Therefore, the Commission recommends that the Secretary of Defense accelerate current efforts to consolidate Reserve Component locations and sponsor special legislation allowing the sale of land and facilities to fund related relocations.

The Commission recognized that the numerous laboratory activities of the Department of Defense are important to maintaining necessary technological competence. Because of time constraints, we were unable to review the entire complex subject, particularly with regard to an examination of missions versus ongoing activities and the relationship between in-house and contract work. The Commission was also provided information concerning the decline of the Research and Development (R&D) budget and the resultant concern that laboratory capabilities were being diluted or subsidized by activities better performed elsewhere.

The Commission recommends that the Secretary of Defense establish a task force to examine these concerns. Such a review should include the development and application of a uniform set of standards designed to improve the overall effectiveness of the Department's laboratory activities, with a view toward consolidating such activities and eliminating those functions that might better be accomplished by the private sector.

At the completion of its work, there was a consensus among the Commissioners that what we had recommended was worthwhile and defensible. At the same time, we felt that there were further opportunities to be pursued, particularly in the areas of the Government Owned Contractor Operated Facilities (GOGOs), and military laboratories just mentioned. Quite frankly, the most constraining factor was the six-year payback, which eliminated many actions from further consideration. On the other hand, the kinds of actions that did not meet the payback criterion were those that required substantial new construction to implement. Since we are already concerned about the need for an augmentation of military construction funding to bring about the adjustments in the base structure we have recommended, the six-year payback may in fact be an appropriate limitation in the current budgetary environment. With that in mind, it could be said that while there may be further opportunities for closure and realignment actions, there are probably not ones with order of magnitude differences beyond what we have recommended.

The scope and nature of our recommendations reflect current and future requirements as we now see them, but as the nature of the threat and force structure change, new basing realignments and closures will be required. We trust that the emphasis of our report will lead to a smoother and more flexible process for these changes in the future. As we discussed in our report, there is definitely a role for the Congress in that process, but the key to the success of any future process is the development of a greater trust between the Congress and the Administration.

We realize that implementing our proposed realignment and closure recommendations will require courage, but we believe that the hard budget choices facing our nation mandate that unneeded bases be closed and realigned.

HONEST MISTAKE IN AN ITEM

Senator INOUYE. Thank you very much, Congressman. My doctor has strongly suggested that I give my vocal cords a rest. I will ask one question and submit the rest for your consideration.

I think it is obvious that this process was adopted because history shows that Congress is not capable of carrying out this procedure. However, the process that we are involved in now is rather draconian. You accept all or reject all.

What should we do if we all agree that the Commission has made an honest mistake in one item or two items?

Senator RIBICOFF. Well, you sort of rubber stamped or—not rubber stamped, you adopted the suggestions of the Secretary of Defense.

And the feeling was then, I guess, by all those involved that unless this type of procedure was not adopted, we would be in a situation that we would go back to the old system that each one of us in the House or the Senate would be taking care of one another, and it would all fall. No one is perfect. There may be mistakes there.

I think that—if I may take a few seconds for some personal comments, for really a full 50 years I have sat on committees, commissions, and boards, both in the public and private sector.

I would say that I have never, in those 50 years, been involved with a group of more able and dedicated and knowledgable men. Let me give you an example of the type of people on this Commission.

MEMBERS OF COMMISSION

We had a former Secretary of the Navy and a former Deputy Secretary of Defense. We had a former General Counsel of the Defense Department and a Secretary of the Army, a retired general of the Air Force, a retired general of the Army, a retired admiral, all who had exemplary and important commands.

We had a former staff member of the Armed Services Committee. We had four people on the Commission who were former or present chief executive officers of major companies, and we had three retired Members of the Congress of the United States, all of whom retired voluntarily.

We took this job very seriously. We spent a lot of time, we were very conscientious, we discussed these events and these bases, and we gave it the best we had.

COMPLETE DEBATE

Now, Mr. Chairman, you asked a proper question. If a mistake was made, there may be mistakes there. Maybe someone has other ideas. But there was a complete debate in instance after instance about whether a certain base should be closed or realigned.

And after the discussion, votes were taken, and finally every vote was unanimous. It was a unanimous conclusion of the Commission that you created by endorsing the suggestion of the Secretary of Defense.

I cannot answer that question. Of course, I know this, the Congress of the United States has the ultimate responsibility. There is not anything that you cannot do if you want it. You can write it and vote it in.

But you yourselves put in an all-or-nothing proposal, and I guess you did it realizing that if you did not take it all or nothing that we would go back to the past and the whole process would collapse. And it would be another 12 years, and I do not think it would ever be attempted again.

Great changes are taking place. Frankly, everybody on that Commission was knowledgable in this field except me. I was a neophyte. I have had no military experience or knowledge about bases.

Jack Edwards—I never knew Jack Edwards until I served—until we met at the first convening meeting of the Commission. And I have never worked with a more knowledgable man of outstanding character and ability, and stability.

This was a serious commission that took its job very, very seriously. And we would hope, for the sake of the country, that you would adopt our report and the legislation that accompanies it.

I cannot tell you what to do, but anything you want to do you gentlemen can do.

Senator **Inouye**. Thank you. Would you care to comment, sir?

REASON FOR EXISTENCE OF COMMISSION

Mr. **Edwards**. Just briefly. Senator Ribicoff has outlined the folks who spent so much time on this. There is only one reason why we existed—and we do not exist any more incidentally, we finished our work on December 31.

But there was only one reason we existed, and that was the inability of the Congress and the Pentagon over the years to get together on reasonable and rational base closings. And everybody knew something had to be done, and nobody knew how to do it, and so the Commission finally was the answer.

I must say to you that one of our recommendations is, this being a one-shot Commission, that Congress and the Pentagon find a way to work these problems in the future.

If you believe the statement of Senator Ribicoff, as you should, about the need for expanding facilities and changing environment and training and all of that, then you have got to be flexible enough to make the changes that are necessary to keep up with the times as far as electronics and technology are concerned.

RECOMMENDATIONS FOR THE FUTURE

And so we have recommended to you that there not be other commissions, that the Pentagon and the Congress find a way to work this out, and then we have suggested that it may be appropriate that there be some kind of an advisory board that overlooks the action of the Secretary of Defense when these kinds of proposals are made so that we—not we, for goodness sakes, not Senator Ribicoff and Congressman Edwards—but so a board could say to the Congress, "Yes, we have reviewed what the Secretary has proposed and we think this or this makes sense."

And so I think that—I am like Senator Ribicoff, we cannot tell you what to do, should not tell you what to do. But we are the product of your creation, you and the Secretary of Defense. And we believe that the product that we have brought here today is defensible, and has been put together by a Commission and staff that have devoted a lot of attention to the matter.

Senator **Ribicoff**. We got down to practical politics here. When Frank Carlucci called me and asked me to take on this job, I laughed. I said, "No way, Frank." I said, "This is a no, no. Nothing is going to happen."

He said, "Look, Abe, it has to be done," and he says, "I have talked to some of your colleagues who are responsible. I wanted to get Democratic and Republican former Members of the Congress."

And I say this, "Please understand," he said, "Everyone I talked to said see if you can get Abe Ribicoff." I said, "Look Frank," and it is true, I said, "Since I have retired from the Senate, half of my time, it has been, and is and will, as long as I am alive, is taken up in pro bono matters.

"But one thing I have made up my mind on that I will never take on the task that I consider an exercise in futility." I said, "I am willing to take on anything that is asked for me by the private and public sector on a pro bono basis if I think there is a chance that something will happen out of this.

"Now we know that commission after commission comes out with reports that gathers dust in the archives. Nothing ever happens. And they are repetitive, and they are repetitive. And everybody reinvents the wheel."

EXPERIENCE AS GOVERNOR OF CONNECTICUT

Now, may I go back again, because it is part of the procedure. When I was Governor of the State of Connecticut, I was the lone Democrat in the State capital. From Lieutenant Governor down it was all Republican.

The legislature was overwhelmingly Republican, the House was Republican, the Senate was tied. The State of Connecticut had many problems in 1955, after the 1954 election. And I had to determine, how was I going to work this out?

I had occasion to appoint many commissions deliberately for very, very sticky tough problems of the State of Connecticut, and I had a Republican legislature that I had to deal with.

I called the outstanding people in the State of Connecticut to give me a hand and serve on the commission. Every chairman was a Republican. No one ever turned me down.

I made a pledge to every commission that I appointed, I have appointed you to do this for the State of Connecticut. You have got a blank check from me that anything you come up with I will fight for. And we will see that you have done this for the State of Connecticut, and not for nothing and wasted your time.

There was not a single person out of the universities, out of the banking, out of the manufacturing, out of the labor groups, that ever turned me down on any commission. And there is not a report that they ever put forth that was not adopted by the legislature. And I deliberately made sure that each commission was weighted with Republicans.

PERIL OF NOT SUPPORTING COMMISSION RECOMMENDATION

Now, the question comes, there are a lot of problems this country faces and is going to continue to face. And if you are going to get people to work for some of the problems that you feel you need some outside report and support, like this Commission, you will put yourself in a position that no one is ever going to serve.

Look at the collapse of the Special Economic Commission. I mean, you know, these were outstanding men who meant well and devoted—I know almost all of them personally. I know how much time they spent on it. But it has collapsed.

Now, I would like to see this adopted. But we go about our work if it is not adopted. You men are going to have to live with this problem, and the consequences of it. And as Jack has said, the one thing I have learned, the huge changes taken in the entire defense posture of this country, the changes that have to be made, and you people are going to have to do it, and you are going to have to follow through, whether you do it or not, because you are going to have to face it.

NEED FOR OPEN SPACES

You take the question of land. My understanding is that because of the encroachment and urbanization in Great Britain and Germany, that Germany and Great Britain send their troops to Canada where there are open spaces in order to train.

Now maybe we are going to have to do that in the United States, to make some arrangement with Canada, to have their open spaces. I would hope that—you know, a lot of these bases in the East you cannot use them any more. They are obsolete.

You are going to have to save something out in the West, and that is where it is going to have to come in order to make this work. And you better either lease or buy a lot of land out there to take care of your defense requirements, because modern war and modern training cannot be done on the bases we now have existing in the United States.

Senator **Inouye**. Thank you very much. Before proceeding, I have an opening statement by Senator Warren Rudman of New Hampshire, who wanted to be with us this morning, but he is attending the funeral of a very distinguished Member of the body, Senator Norris Cotton. And I have assured Senator Rudman that, at some later date, we will reconvene this hearing and call upon Department of Defense witnesses so that he will have an opportunity to participate in the proceedings. We also have statements from Senators Rudman, Sasser, DeConcini, McClure, and D'Amato.

[The statements follow:]

STATEMENT OF SENATOR RUDMAN

I commend the Chairmen and Ranking Members of the Appropriations Subcommittees on Defense and Military Construction for convening this timely and much-needed hearing on Base Closures. As all are aware, the 45-day period stipulated in the enabling legislation for congressional acceptance or rejection of the Commission's recommendations began yesterday, March 1. In a deficit-conscious environment, the cost savings presumably associated with implementation of this legislation, which I supported, are of obvious and abiding concern.

Nevertheless, legitimate questions about the methodology and criteria employed for determining which military installations were ultimately deemed expendable need to be forthrightly addressed if we are to properly assess the merits of the proposed list. Inasmuch as Pease Air Force Base in New Hampshire has been targeted for closure, I must be fully satisfied that the rationale for this finding reflects both fiscal responsibility and the best interests of national defense before I can prudently accept the Commission's recommendations.

My absence this morning is sadly compelled by my attendance at the funeral in New Hampshire of a former distinguished Member of the Senate and good personal friend, Norris Cotton. Chairman Inouye has graciously consented to recall Defense Department witnesses on a subsequent date so that I and others might be accorded the opportunity to pursue an inquiry into the matters I've noted. I very much thank the Chairman for this courtesy.

STATEMENT OF SENATOR SASSER

I want to thank Chairman Inouye for chairing these joint hearings of the Defense and Military Construction Subcommittees on the issue of base closures and realignments.

As the Subcommittee on Military Construction has reviewed the recommendations of the Commission on Base Realignment and Closure, it has become apparent that some of the Commission's estimates of costs and savings may be flawed.

A recent field review by the majority clerk of the Subcommittee found the Commission's estimate of military construction costs associated with base closures to be understated by as much as 50 percent.

The Subcommittee on Military Construction is very concerned with the potential magnitude of construction which may be necessary to fully implement the recommendations of the Base Closure Commission. According to the estimates provided the Subcommittee, these costs could exceed $2.7 billion, more than the combined budgets of the Army, Navy, and Air Force in fiscal year 1990 for military construction inside the United States.

If the Commission's estimates of potential savings are also in error, the taxpayers will never realize any significant budget deficit reduction from base closures. Instead, the military departments will be forced to make military construction investments through the regular appropriations process—in addition to the $1 billion which has already been requested in fiscal years 1990 and 1991 to capitalize the Base Closure Account. The Subcommittee on Military Construction is, therefore, concerned that base closure military construction will compete with the other pressing modernization needs of the military services, crowding out higher priority projects in the regular military construction program. These issues need to be carefully considered by the Congress.

In addition, I would also note that under current law, the Department of Defense has substantial flexibility in utilizing proceeds from the Base Closure Account to finance military construction projects at realigned bases. Such flexibility amounts to the deregulation of the existing Congressional oversight process over individual major military construction projects. Therefore, the Congress, in my view, must establish appropriate oversight over the obligation of Base Closure Account funds.

Finally, the Congress should also consider the need to review the potential for base closures overseas. For several years, the Subcommittee on Military Construction has urged the Department of Defense to provide the Congress with a list of bases in foreign countries which could be closed. On each occasion, the Department has failed to list a single installation overseas which could be eliminated.

Perhaps it would be appropriate for the Congress to also stipulate that no funds may be obligated from the Base Closure Account until the Department of Defense begins to review base closures overseas.

Again, I want to thank Chairman Inouye for conducting these hearings on behalf of the Subcommittees on Defense and Military Construction. I regret that I am unable to participate in these hearings due to conflicting hearings of the Committee on Budget, which I chair.

STATEMENT OF SENATOR DECONCINI

Mr. Chairman, I have a great deal of respect for both Senator Ribicoff and Representative Edwards. Their dedication and commitment to public service should be commended. I appreciate their personal attention to a request of mine last month on this base closure issue.

I am deeply concerned about this base-closure bill. Officially titled the Base Closure and Realignment Act, Public Law 100–526, was passed October 24, 1988. The Commission's recommendations were sent to Secretary Carlucci on December 29, 1988, and he adopted their report on January 5, 1989. As you can see, this is a very compact schedule here to evaluate and analyze all the U.S. military installations. Approximately 145 bases were affected and 86 were recommended for closure.

Additionally, the Commission estimates that this bill will save $694 million annually after 1994. The General Accounting Office estimates that 75 percent of this savings is in reducing personnel costs and DOD would not realize these savings unless there is a corresponding reduction in authorized personnel ceilings. However, upfront military construction and design costs from 1990 to 1994 are estimated to be $1.8 billion. There is also a cost of $500 million in both 1990 and 1991 to begin this process. These savings are quickly evaporating.

With all respect to the Commissioners, I have been extremely frustrated with the Commission's findings. For example, I have received five different sets of figures for the number of personnel leaving Fort Devens and re-locating to Fort Huachuca. The latest figures into the Fort are still not finalized. When the Commission gave them to my office yesterday they said: "I can't guarantee that this is the final set. I am sure that these will change." There are also studies from the Information Systems Command that directly contradict the Commission figures, particularly in savings. From the information I have gathered, it appears that the decision to move the ISC from Fort Huachuca to Fort Devens will never save money and is costly to our taxpayers.

I am particularly concerned about Fort Huachuca. But I understand that bases in California, Indiana, Illinois, and New Jersey are also experiencing errors, miscalculations, and omissions on data. This is not one parochial base in a Senator's constituency but appears to be part of a troubling trend in the Commission's evaluation process.

I would also like to point out Senator Eagleton's minority comments in the Commission's report. He says that the Air Force "ultimately" cooperated, the Army "begrudgingly" gave "reluctant cooperation" and the Navy "stonewalled." This general lack of cooperation could have contributed to many of the problems, inconsistencies, and lack of data that we in Congress are now experiencing. I hope that I do not second-guess my original support for this bill. I have my reservations whether this bill saves money or closes down ineffective bases. I hope to get some answers today at this hearing.

STATEMENT OF SENATOR MCCLURE

Mr. Chairman: The Base Closing Commission was created to tackle a very knotty and politically difficult problem, and by and large I would say to the Commissioners, you have received good reviews on your performance.

I am of course pleased that the commission decided to make greater use of our excellent facilities and airspace at Mt. Home Air Force Base. Mt. Home was one of five bases around the country selected for expansion, due to the area's capability to expand on-base housing, the great amount of available airspace, and the base's electronic warfare facilities and the Saylor Creek bombing range.

As part of a consolidation of TACAIR forces, Mt. Home will give up its F–111A fighter-bombers, which will go to Cannon AFB in New Mexico to join the 27th Tactical Fighter Wing there. Mt. Home will receive F–4Es from the 35th Tactical Training Wing and F–4G Wild Weasels of the 37th Tactical Fighter Wing at George AFB, which will be closed. They will join our EF-111 Raven electronic warfare aircraft, making Mt. Home one of the premier defense suppression-electronic warfare facilities in the Air Force.

We in Idaho have always felt that the great resources at Mt. Home were underutilized, and we are proud to be able to play a greater role in our nation's defense.

I would like to raise one concern. As you know, the F-4 airframe has been around for a long time, since the early Vietnam era. I am worried that the 4Es and 4Gs Mt. Home will be receiving will be phased out soon. I have asked the Air Force what their plans are for the F-4s, and what their plans are for a follow-on aircraft for the Wild Weasel role. I hope that whatever plans the Air Force is making will continue to make good use of the excellent facilities at Mt. Home.

I also have two questions for you, which I would like you to answer for the committee hearing record. I would also appreciate it if you would provide me with a direct response at the same time that you respond to the committee.

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I'd like to add my thanks to the witnesses for being with us this morning. Also, I'd want to express my admiration for the Commission on Base Realignment and Closures who undertook a worthy and contentious task.

The reality of the Federal budget deficit obligates the Government to eliminate defense facilities which are no longer necessary or economical to operate. Because of the multitude of parochial interests in Congress, the use of an ad hoc commission was deemed the best way to come to a dispassionate decision on what should be closed and what should be retained.

I do not propose to throw out the carefully considered recommendations of the Commission. But it behooves the Congress to ensure that, in executing this plan for closures, the will and feelings of the people we represent are taken into account where possible.

I look forward to questioning our witnesses today on this vital topic. Thank you, Mr. Chairman.

Senator **INOUYE**. I now would like to call upon my distinguished colleague, Senator Grassley.

Senator **GRASSLEY**. Mr. Chairman, Senator Garn would like to have a unanimous consent request.

Senator **GARN**. As I indicated, Mr. Chairman, in my opening statement, I do have to go to help Senator Riegle conduct a hearing on the S&L crisis. I would like to submit questions for their response in writing.

Senator **INOUYE**. Without objection, so ordered.

Mr. **EDWARDS**. May I say to Senator Garn before he leaves, he raised the question about the reserve units and whether they are in fact in the report. They were considered and they are included.

FORT DES MOINES

Senator **GRASSLEY**. Before I ask my question, I want to say that I have not heard from anybody in my State that your recommendation for the one small closing in my State should not go into effect.

But I do want to ask questions about it as one way of raising the issue of whether or not the recommendations of the Commission have been adequately thought through before they were issued.

The recommendation deals with Fort Des Moines. It has been inactive since 1946, and over the years much of the original acreage has been excessed and returned to the community.

In addition, I should note that a vast majority of the installation was provided to the Army at no charge by the local community. The recommendation calls for partial closure—56 acres.

On that 56 acres there are several old historical buildings on the National Register. On another part of Fort Des Moines, are Army and Navy Marine Reserve centers, the army center is at 150 percent of capacity and has been using a few of the older buildings on the 56 acres to be disposed of.

To the best of my knowledge, no one has been—no one is even aware of this fact, and there has been no estimate of finding replacement facilities for the functions involved. Also, there are citizens groups in Des Moines that have been trying to ensure that the historic buildings are saved and restored.

Now, my point, Senator Ribicoff and Congressman Edwards, is to—about this concern is that while word was received in Des Moines that the Department of Defense expects to get $2 million from the sale of the land, no one seems to be aware that, No. 1, some of the facilities are being used today; No. 2, the community has had an ongoing interest in the historic properties; and No. 3, there may be some problem in that the land was given to the Army by the community and thus should be returned if no longer necessary.

This is just one example of which I am personally familiar. But I understand that there may be similar situations. So could you please comment on how we should proceed and accept your assumptions when the facts such as I presented are coming to our attention?

Senator **Ribicoff**. I would say, we can state it in our report, there is this statement.

Fort Des Moines is on the National Register of Historic Places and the Defense Department should coordinate with the State historic preservation office and the Advisory Council on Historic Preservation to develop appropriate preservation guidelines.

Now, in all these base closures, the Defense Department has a group, very knowledgable and helpful and cooperative with any community affected, to work this out. And you have asked this question, and I will ask Mr. Stone—you are from the Defense Department—to see to it that your office is contacted for an appointment to be made with those in Des Moines who have the authority to work with the Defense Department to work this problem out.

And I am sure that one of the things we are careful about is to make sure that we do not destroy any historic monuments.

RESERVES USING BUILDINGS

Senator **Grassley**. What about also the matter of Reserves using some of the buildings? Or would that be a normal process that you would have taken into consideration? We have no evidence of that. Or is that something——

Senator **Ribicoff**. My guess would be, and I do not know—my guess would be that they would be very pleased to use some of this property for the Reserve.

I do not see where this property is going to be sold or make a lot of money. I do not think—there is no recommendation.

Senator **Grassley**. Well, we had the figures of $2 million. Yes, we have the figures that you would net $2 million from this sale.

Mr. **Edwards**. Senator, we have had to—in doing our job, we have had to impute values to land. But it was not our job to say what should happen to this property.

If the historic nature of the property is such that it ought to be used in a way where it is not sold, for example, there is still a value imputed to it, because it does serve a public purpose as a museum or historic facility.

Senator **GRASSLEY**. My point would be related to the fact that there was net savings, you know, of *x* number of—$5 billion over the next 20 years on this project; right?

I just wondered if this might be an example that maybe those savings that you anticipated being realized might not be realized.

Mr. **EDWARDS**. We do not show any annual savings on our chart for this. It is under the heading of "Miscellaneous Properties."

It is properties that were identified to us that had been there on the books for a long time with no particular need, and have been included in this report. We show an imputed value of land of $2 million, but we do not show annual savings. There are no employees there; it is just land that is on the books.

Senator **GRASSLEY**. But am I not right that $2 million—and I just use this as an example—$2 million is when it is going—you show that as being income, is it not?

Mr. **EDWARDS**. We show it as imputed value in trying——

Senator **GRASSLEY**. Not necessarily income to this account.

Mr. **EDWARDS**. Not necessarily.

Senator **GRASSLEY**. OK. Well, if you did not, then that is another facet of it. But it was my understanding that you anticipated getting $2 million.

Mr. **EDWARDS**. It is our judgment that if it were to be sold it would have that value. But it is not our decision to try to tell, in this particular case, anybody what to do with that property.

Senator **INOUYE**. Senator DeConcini?

Senator **DECONCINI**. Mr. Chairman, Thank you very much. I also want the record to show my appreciation to Senator Sasser as well, even though he is not here, for holding these hearings.

They are very important, and I appreciate, Senator Ribicoff, your commitments to public service here on these commissions. They are thankless jobs, and we are likely to change what you did and maybe even ignore, who knows? But I think it is very important that you put us through this effort, as well as all the time that you have spent on it.

And as you know from working here many years, the fact that the Congress turns down a very prestigious recommendation from a commission is certainly nothing personal to the members who serve on it, because even though Congress may not adopt it all, some of it sinks through sometimes, and, hopefully, contributes to better government.

ISC STUDY MOVED FROM FORT HUACHUCA TO FORT DEVENS

Let me address my concern as clearly as I can. According to a study that was completed last Tuesday, the cost of moving the major unit of the ISC from Fort Huachuca to Fort Devens, as proposed by your Commission, will ensure that the relocation will never pay for its one-time expenditures.

The estimates between the ISC study and the Commission's finding are drastically at odds. Let me just explain because I would like to, maybe, find the corrections.

The ISC study says the one-time cost is $462 million. The Commission says it is going to be $228 million. The annual recurring costs the Commission says are going to save $18 million, where the ISC says it is going to cost $31 million.

The Commission says the construction of this move is going to cost $102 million and the ISC study says it is going to cost $257 million. Telephone installation, which is not considered by the Commission at all, the ISC study finds will be $40 million. And the personnel moves the Commission did consider estimated $83 million, and the ISC estimated $110 million.

That adds up to this difference. The ISC study that says, this move is going to cost $900 million, the Commission says it is going to cost $405 million—$495 million difference.

Now, my question is, how do you explain the justification on cost basis? Let me say before you answer that, I have to be very frank that if the purpose is to maintain a presence of a military base in the Northeast—and as you pointed out Senator Ribicoff, there is not room to fly airplanes and perform tank maneuvers up there, that has to be done in the West, Canada, or someplace else—if that is the purpose then I cannot understand why you tried to justify a cost savings when in my opinion the military, the Army, and the Information Systems Command bear no basis that there is going to be any cost savings.

There may be another national interest to keep Fort Devens open and put something there that does not have to maneuver around. But it just really is bewildering how you came to that conclusion.

Mr. **Edwards**. Well, first, we have to come back to the fact that our touchstone was military value. Once that issue was settled, we then looked to cost, point one.

Point two, the cost estimates that we have come up with in this report have come from the major commands who look at the overall problems of those units under their commands and have put together numbers that seem appropriate.

Third—and in that connection, it is easy for a local command who does not want to move, happy where it is, to start putting numbers together that can go way out of sight in trying to come up with some figures to counteract the figures of the major command and this Commission. We understand that. We are not trying to fault your folks' numbers. But that is what happens.

Fourth, this is part of a consolidation. The Commission concluded, again, looking at military value and how best to get that value, that it was wise to bring the intelligence, training units into one—under one umbrella, to take ISC from Huachuca, from a couple of other facilities, McPherson I recall was one, one or two others, and bring them into Devens, put them under one roof, basically under one roof, put intelligence under one roof.

And in the process of trying to consolidate training practices and make the facilities and the training more efficient, we came out with the result that you see. Now, I apologize first, I should say to you, for the confusion on your numbers.

Senator **DeConcini**. That was my next question.

Mr. **Edwards**. May I just address that?

Senator **DeConcini**. Would you please? I would just like to know when we might get the accurate numbers, and I do not say that any more critical than I have stated in my opening statement. It is just very disturbing, and I would appreciate if you could answer that question.

Mr. **Edwards**. I think I can give you the numbers that are accurate.

FORT HUACHUCA

The place where we all went astray was in trying at the last day or two or three in finishing our report and getting a press release out, the numbers that went out with that press release having to do with Fort Huachuca were incorrect. They got transcribed wrong or whatever.

The numbers for Fort Huachuca, personnel out military are 765, civilian out 1,323. Those are mainly ISC people. Personnel in military 1,101, civilian in 263. Those are mainly intelligence. Add to that—and so that is 1,364 in, 2,088 out.

Add to the——

Senator **DeConcini**. Students.

Mr. **Edwards**. 1,760 average students, and you come up with an end number of 3,124.

Senator **DeConcini**. Thank you for the up-to-date counts. I appreciate that.

Let me just go back to my first question, Congressman Edwards, and I am not here to debate whose figures are right. But from your statement, what you are saying is that the Information Systems Command study that I have before me here is put together for self-interest by that Command, and that the Commission study is more objective, and you stand by the Commission study as to costs.

Mr. **Edwards**. I certainly do not want to impute anything improper to the ISC study. I have not seen it. I do know that ours was done dispassionately and, hopefully, impartially, and drawn on the information given to us by the major commands.

And let me go one step further on this, because I think it is important. We did not just blindly take the numbers that came to us from the major commands. We scrubbed those numbers where we thought there were discrepancies through our staff, they went back and looked at them and resupplied them on occasion.

We did a sample study of some 60-odd bases in the country to send our staff and our Commissioners into those facilities to do kind of a sample check against the information given to us by the major commands. And so we feel like our process brought us down to some realistic numbers that were defensible.

Senator **DeConcini**. Excuse me, Congressman. Then of course what you are saying is that you relied on the command, and you feel that—maybe my question should be to the command that you got your information from, and I will address it to them, because if this is an exaggeration from the Information Systems Command, as you know, we need to know. But you cannot make that determination, so I will not pursue that.

ECONOMIC IMPACT STATEMENT

One other question on this particular move. The social economic impact statement shows what it did or how it would affect Fort Devens, but it does not make any reference to what it would do to Fort Huachuca, plus or minus.

Was there any reason that that was left out, do you know that Fort Huachuca's economic impact was not considered or included?

Mr. **Edwards**. The only answer I can give you there is that Huachuca was part of the Meade-Holabird-Devens consolidation and readjustment, and where movement for in and out of those units. And we did look at the economic problems that might occur in any community, and the fact that it does not say such for Huachuca should not suggest that we did not do it.

And we understand that any time you have a net loss of people, or a shifting of people, or perhaps a movement of higher grade people, higher pay level people, into one community and lower pay level people into others, that there are going to be shifts and some economic concerns.

And Lord knows, I go back to Brookley Field in Mobile, we know the impact of that. But I do not think that that should be—the Commission did not think that that should be the ultimate determining factor with making our decisions.

Senator **DeConcini**. I agree with that, and I have no quarrel with that not being the determining factor. I just wonder why it was mentioned as to Fort Devens but not for Huachuca.

Chairman Ribicoff, I have a—maybe you can help me with understanding this process a little better. The Commission estimates annual recurring savings from its recommendations of $694 million per year after 6 years.

Of the Commission's estimated recurring, $528 million, or 75 percent, are derived from the elimination of 20,637 civilian and military positions. Now, the defense budget that has been sent up here does not—there is no reduction in end strength of payroll, even though the Commission estimates assumed fiscal year 1990 personnel savings of $79 million and fiscal year 1991 personnel savings of $179 million.

What I do not understand—and maybe I should go back and read the law more carefully—but if your recommendations include closing bases and eliminating certain personnel, is that implemented if this is not disapproved by the Congress? Are those people eliminated?

END STRENGTH

Senator **Ribicoff**. I would say that we are talking here—we have the problem of the end strength.

The figures, the total 20,000 that you have, is a military twelve nine and civilian seven seven——

Senator **DeConcini**. Right.

Senator **Ribicoff**. Those jobs are not necessary. Now, the size, the end strength of the military and supporting civilian personnel is up to the administration and Congress, and those would be eliminated and they will not be in place any more. There is nothing for them to do on those bases.

Senator **DeConcini**. Thank you. If we go through with the base closings, and accept—and do not do anything here, then it is not wiping out the personnel unless the administration eliminates that money for them.

Senator **Ribicoff**. Right.

Senator **DeConcini**. OK; thank you. That is very, very helpful.

Mr. **Edwards**. Let me comment on this, because I think it is important to understand that nothing takes effect in this as a result of this study until 1990.

Senator **DeConcini**. Yes, sir.

Mr. **Edwards**. And then there is a 5-year period where many of these plans are put into effect. So it is not necessarily the case that you would see a reduction of 20,000 people——

Senator **DeConcini**. Well, no. But in 1990, your Commission recommends $79 million reduction, that is not in the budget that has been sent up here, that reduction for eliminating those people. And for 1991, as you know, they submit three budgets in a row.

You are recommending $178 million, and the Defense Department does not cut that. It is all in there. So it looks like what the defense is saying is, we will take the base closures, but we are going to keep the people. And that is what I wanted to call to your attention.

Mr. **Edwards**. And we are saying that is between you and the Defense Department.

Senator **Ribicoff**. It would be wrong for them to have people for whom there was no work for, no jobs.

Senator **DeConcini**. Sure; unless they put them someplace else, see? Unless they just move them around.

And so they get the base closing but they do not want to take the cost savings by eliminating the people that that base closing would affect.

Senator **Ribicoff**. The Defense Department, where they can save money they are going to save it, because they are going to have to use every dollar——

Senator **DeConcini**. You are counting on their good faith?

Senator **Ribicoff**. Their good faith, and the Congress' determination to make sure it is good faith.

My feeling is, if you adopt this, you are going to have a vested interest and to make sure it works.

Senator **DeConcini**. My last question is, gentlemen, can you help me—let us say we find a legitimate mistake in your findings, whether it be the ISC set of circumstances I give you here, economic or not, and who can deal with that. Is it up to us to deal with that, in your judgment? Is the Commission through?

Can you, no matter how profound and convincing a set of economic circumstances and information that would be sent to you, and if in your wisdom you said, my gosh, we made a mistake, we left a decimal out, or, by God, we did not even consider this thing and we want to change the economic report, do you have the capacity to do that?

COMMISSION DISBANDED

Mr. **Edwards**. The Commission gave up its high-paying job on December 31, 1988.

Senator **DeConcini**. You are through.

Mr. **Edwards**. Abe and I are now here pro bono, to use his term. We do not exist any more, but there is left behind, and Doug Hansen is in the room—do you want to raise your hand, Doug?—a committee or a division of the Pentagon to implement this plan.

Senator **DeConcini**. But not to change it by any means?

Mr. **Edwards**. I think that any change that comes as a result of this plan has got to come either by agreement with the Pentagon and the Congress, or the Congress determining that it, in its wisdom, should——

Senator **DeConcini**. I am going to yield so that other members could ask questions. But I want to thank both of you for being frank about it and being here today, pro bono.

You both have a tremendous reputation of dedication in the time that you have given to this country, not only in office but out of office. Thank you very much, Mr. Chairman.

Senator **Inouye**. Thank you.

Senator Lautenberg?

Senator **Lautenberg**. Thank you very much, Mr. Chairman. I too, gentlemen, want to express to you that any criticism or differing views are offered with genuine consideration for the effort that you have put in. At the same time, we reserve some right to challenge your conclusions.

Each of you having served in the Congress, are both distinguished public servants. You worked hard. And even if the results, Senator Ribicoff, do not come out quite the way you would like, you get an A for effort.

And I think that is the thing so often that we are committed to do, because we cannot be guaranteed success in advance, and, of course, views on success might differ.

MAINTAINING SECURITY AT FORT DIX

In the case of Fort Dix, which, as you might have guessed, I have an active interest in, did the Commission consider when they did their calculations the cost of maintaining security?

After all, if this base is going to be reduced to semiactive status, it is going to have to be secured. It is going to have to be protected. There is going to be an ammunition magazine that is preserved there, and other services which support many activities for the Reserve and other units on the east coast.

Did the Commission consider the cost of keeping Fort Dix ready for instant reactivation and mobilization, including the maintenance buildings, ranges, heat, utilities, sewage, et cetera? The consideration that if there is any reduction of force in Europe, let us say, and that troop strength has to be maintained as part of our military network, where these people might be located in terms of an evaluation of Fort Dix?

I would appreciate also in your response whether or not the cost of economic assistance to the local area resulting from these reductions, including 3 years of impact aid to local school systems at more than $7 million a year, was included in your calculations.

Mr. **Edwards**. Is that it?

Senator **Lautenberg**. That is one brief question. [Laughter.]

Mr. **Edwards**. Maybe I will take a crack at it first. And if I forget to answer something that you have asked, I want you to remind me.

We left as many people at Fort Dix as the Army said were necessary, and that is about 700 people who will be the caretakers, the security people, those who will keep Fort Dix in a semiactive status.

Fort Dix in our estimation is available now for Reserve training, for active duty training, as needed. It is available now for emergency mobilization. And, while it is not our charge to decide when troops come home from Europe, in the event troops should come home from Europe, Fort Dix is available as a receiving base to integrate those folks back into the country.

The answer is, yes, we left people there to provide the necessary needs of the base, as we were advised were necessary by the Army.

We did not include in our costs what I guess one might call socioeconomic costs in the local community. You suggested schools, I believe, as one area.

OFFICE OF ECONOMIC ADJUSTMENT

We do suggest, however, that the Office of Economic Adjustment in the Department of Defense is an excellent agency designed to work with communities in dealing with those problems, and without wearing Brookley Field out in Mobile I can tell you that the thing that got us over our hurdle was the economic adjustment agency in the Department of Defense even 25 years ago.

It is a very good Division in DOD, and one that the community should use, such as the communities around Fort Dix.

Did I leave anything out that you asked me?

Senator **Ribicoff**. I would like to make a comment. First, I followed in the press the comments and the statements of both Senator Lautenberg and Senator Bradley, and I followed them very closely, because I realized one of these days we would have to be talking to you about this in public. And I can understand your concern and New Jersey.

I do not think this is a breach of security or anything else. In the discussion on Fort Dix, keep in mind that the only base that is in semiactive position and put into a warm base at all is Fort Dix.

I am talking personally, I am not talking for the Defense Department or anything else. I think that there are going to be a lot of troops coming back from Europe and bases around the world.

And the redeployment and the mobilization for—I think that we feel that Fort Dix is a very, very key—that whole operation. I would not quit on Fort Dix. My feeling is that you are going to have a mission that not only is important for this country and our services, but also that will help improve Fort Dix and play a major role in what is happening with our defense and military structure in the future.

I believe it will happen long before those 5 years run out. And we felt that Fort Dix was very well suited for this.

COST STRUCTURE FOR FORT DIX

Senator **Lautenberg**. That is precisely the reason that these questions have been raised.

For instance, in keeping that base in the kind of condition for reuse fully in the future, we might be developing a cost structure that was not included in the savings estimate.

Did the Commission, for instance, consider the cost of environmental cleanup at Fort Dix? Was this cost included in your estimate?

What I am trying to establish here, as you can tell, is that there is a serious question about whether or not the savings as calculated are savings that are actually going to be achieved. In fact, the savings, roughly $250 million over 5 years, not insignificant by a long shot, must be compared to the costs of housing and training these troops elsewhere.

Senator **Ribicoff**. I think, Senator Lautenberg, that has all been taken in in the discussions and our estimations. We anticipate that these things are going to be required, and you have got McGuire Air Force Base. And there is interfacing with both bases, we are aware of that.

And I think there was as much discussion about Fort Dix as any other place. But again, may I say that, for training Reserves and National Guard at the present time, but for future mobilization redeployment, as I say, I would not wipe out Fort Dix and the estimation of New Jersey.

Senator **Lautenberg**. The fact, Senator Ribicoff, that Fort Dix got as much consideration as you suggest here, raises the questions even further about whether or not the decision was subjective, because you did reserve the right to use subjective judgment. I mean, everything cannot be measured in precise terms. This is not, after all, simply a mathematical formulation.

So the fact that it got that kind of review and consideration helps me make the statements that I do. That is, that the full value of Fort Dix, when compared to the cost of movement, when compared to the qualities of housing, we have had enormous investments in Fort Dix, was not fully appreciated.

And as a matter of fact, interestingly enough, in the fiscal 1990 and 1991 budgets, there is a $1.2 million instruction facility request, in the fiscal 1990 portion of the budget submitted to the Congress, and a $26 million construction request for Fort Dix in the 1991 portion of the current budget for a sewage treatment plant.

Now, both these construction requirements are dated January 1989, 1 month after the Commission released its findings. Why were these projects submitted if the Commission's report recommends the kind of reductions at Fort Dix that we see, and especially since we are going to maintain this as an active base?

Are we going to say, well, we are not going to do the sewage work? How can we say to the community reliably that, "OK, listen, if we load this place up, do not worry about it, you know, we will have a little overspill on some sewage, but"——

Senator **Ribicoff**. Do not forget, the Defense Department was putting this budget together, now you are on the Budget Committee, I do not know when they started putting that budget together.

My guess would be they started to put that budget together long before this Commission was even appointed. That is my guess. And we were working what we thought was necessary, and they were getting their budgets out without knowing what our report was going to be, independent report, independent work, but we worked with them.

I would say, as I am listening to you, with the semiactive, and what they are going to have to do thinking about the future of units returning, and being redeployed in Fort Dix, that is a problem for the Defense Department. They are going to have to come before this committee and justify it.

And your question of how that is going to be done, you cannot achieve anything by addressing it to me. But you can achieve it by addressing it to the Defense Department because it is active, semiactive, and they got responsibility not only for the present but what they plan to do with it in the future.

Senator **Lautenberg**. In all due respect, the fact is that you are here—it will teach you to take these pro bono assignments—the fact is that you are here making the case which you very adequately and have always articulately done, and, therefore, the questions have to come back to you.

We will pursue this with the Defense Department, of course. But we are facing a decision now that a recommendation you have made is challenged, very frankly, I think, gentlemen, by the facts.

I think there is certainly room for subjective analysis. That is what we do here all the time. But when we look at Commission documents, it says it is going to cost $250 million to move basic training from Fort Dix, compared to $155 million to move it, basic training, from Forts McClellan and Bliss.

So up front, it costs almost $100 million more to move this away from Fort Dix than to make these decisions apply elsewhere, and that is the option the Commission chose.

Do you have—do you or your staff, gentlemen, want to respond to that? Because that is what we get out of the documents. According to the Commission, we ultimately save some more money in less than 10 years by changing—$100 million—by changing Fort Dix's status we save only $14 million by moving the basic training operations from Fort McClellan and Bliss.

But it costs $95 million more up front to reduce Dix to save only $86 million more over the long run.

Those are the numbers as we see them, and if there is any contradiction to our view I would like to hear it.

SIX-YEAR PAYBACK

Mr. **Edwards**. I cannot contradict your numbers. I do not know where they all came from or who put them together or how they were put together.

I can only say that our judgment was based on what we perceive to be military value. And having asked that question then, our judgment went to the question of 6-year payback, and the arrangement that we have proposed here to date, having to do with Fort Dix and the receiving facilities in combination therewith, pays back in 5 years and has an annual savings of some $85 million thereafter. And that is the basis of our judgment.

Senator **Lautenberg**. What I see—at least what appears to me to be the case, and this is a difference of view with our particular biases, at least mine, involved, perhaps, but nevertheless, we are looking at the numbers.

FORT DIX'S BARRACKS

I do not think that the offsets were appropriately calculated, the offsets in costs. There is also a condition factor that I do not think was included. Fort Dix's barracks. They are all modern facilities.

I think it is so that Fort Jackson and Leonard Wood house some of their recruits in wooden barracks. Did the Commission—is that true? And again, maybe the staff has that, if other of you gentlemen do not have that at your fingertips. Did the Commission take that into account in making its decisions?

Are we reducing the quality of housing for these recruits and trainees?

Mr. **Edwards**. We did take that into account, and our conclusion was that this was the best answer to military value and the best way to find a 6-year or less payback.

Senator **Lautenberg**. Mr. Edwards, I cannot help but feel again, with all respect for the effort and the quality of work you put into this, that maybe the 6-year target became the objective, and that the compression down into that short savings span was designed to justify a conclusion.

Now, again, this is not to infer in any way that you were less than totally forthright in your analysis, because you are all gentlemen, people of quality and integrity. But the fact is that there were forces out there that I think influenced this decision beyond your control.

There is again room for subjective analysis—whether or not the Walson Hospital was going to be reduced in status. It is an important facility. Savings were calculated from that that do not coincide with the decision yet made as to whether or not to reduce that to inactive, or reduced status.

So I have—Mr. Chairman, I have many more questions that I would like to submit for the record, if there is no objection. At this point, I would like to yield back.

Senator **Inouye**. Without objection, so ordered.

Mr. **Edwards**. I think I need to answer at least one point made there.

Senator **Lautenberg**. Please do.

OUTSIDE INFLUENCES OR FORCES

Mr. **Edwards**. This Commission--and I reiterating—this Commission was made up of 12 independent Commissioners. I do not know what "forces" out there that the Senator refers to, but we did not feel any pressure on us in these deliberations. I think Senator Ribicoff would reiterate that.

The consolidation and establishment of more logical training missions and the basic training and advanced independent training areas of the Army, we thought, were rational, and I would like to hear the Senator say, Senator Ribicoff say, we felt no outside influences or forces on us in dealing with this.

Senator **Ribicoff**. There was none. I am rather amazed how devoid there was—there were letters from Congressmen and Senators and letters from people.

But I think there was not anything—a telephone call once in a while. Senator DeConcini said he tried to get me; he could not. He spoke—we would never turn down a telephone call from a Congressman or Senator.

But you had 12 people acting independently, and we did our best with all these figures and all the details that we had. I would not say that we could not have made a mistake. I could not say that we did not err.

But we tried awfully hard, and we checked and double-checked, and we had an outstanding staff.

But my feeling is our military value and the significance of upgrading our base structure and realignment, if nothing else, I think we present to the Congress a great improvement in the entire base structure of our country. And we think that this is only a start. There is much more.

And it would be my hope that the next Secretary of Defense would put in an assistant secretary who has complete responsibility for modernizing it and restructuring our base structure, and we keep on doing it because we need it.

There are a lot more out there that we never got to, that 6-year payback prevented us from doing it. And you could not do it. Just keep in mind, we were designated on May 3, under a charter from Secretary Carlucci.

Congress did not get to finally approve of this—October 24, was that the date? October 24 was the date the President signed the bill. So it took a long time to do it.

And we did not know whether this bill was going to be signed or not. We were working—I mean, I think the Secretary checked with the Armed Services Committee to see if it was all right for the Armed Services Committee to have us proceed and work on this, even though we had no authorization from the Congress to do it. They said to go ahead.

And as I say, you debated this a few weeks before, October 24 it was signed, and we had until December 31 to finish.

Now, we felt that this was an important task and we felt that Congress would go along and would eventually pass it. If they had not passed it, the whole thing would have gone down the drain.

We worked as if it were going to pass, and we had that deadline, which was a pretty tough deadline to meet with all the work we had to do, from the first time it was a gleam in Carlucci's eyes, from May 3 to October 24 when the President finally signed the bill that you put in.

NO INFERENCE, NO INTIMATION, NO SUGGESTION OF ANY PRESSURE

Senator **Lautenberg**. Mr. Chairman, forgive me, and I hope my distinguished colleague will permit.

I want to make certain that the record reflects that there is no inference, no intimation, no suggestion that you buckled under to any pressure. What I am trying to clarify, very specifically, is the fact that there was room for subjective evaluation, which I respect. I, however, can differ with you in your subjective evaluation.

And I think the mission that you are on is a very important mission. I supported the legislation creating the Commission review. And by way of pressure, it is my understanding, and Senator Eagleton in his additional views, points out that the Navy stonewalled the Commission.

So whether the pressure came from lack of information or a view from the Army or the Air Force, that was not quite as objective as we like, certainly is fair game for questions.

And in challenging the calculation, I would ask you just one simple question, and that is, there is talk of 600 people being transferred to base X, a base not specifically designated. And that reduction in force is calculated to be savings.

Are these people leaving the military, their careers ended? I mean, if they are going to go elsewhere we are still going to have to pay them, we are still going to have to pay their dependents' benefits, we are still going to have to continue their programs.

And what realistically is the savings? I mean, we may save some heat and light in some spots. But we are not going to be getting the savings of that transfer. They are still going to be military personnel.

Mr. **Edwards**. The Senator should draw a distinction between personnel and slots.

If, in fact, the Defense Department concludes that it needs to reduce its end strength as a result of this study, then I think that would happen as a result of the input of recruits and reduction of the people brought into the service, and it all filters out that way.

It is not like a military sergeant, for example, that is told, we do not need you any more in the military. And so it all kind of works within the system. And we think in a rational way.

Senator **Lautenberg**. Thank you very much.

Senator **Ribicoff**. Another comment you made, and you deserve a response—there is no one I respect more than Senator Eagleton. We worked closely together in the Senate; we are close personal friends. He came onto the Commission late. He was not there from the start.

And he felt disturbed, and I feel disturbed, over the slowness of the Navy to cooperate. We needed the cooperation of the services. And there was a great deal of frustration on the Commission, not only from Senator Eagleton. We expressed our frustration.

And as a consequence, we appointed a subcommittee under former Secretary Claytor, who is on that Commission, and Admiral Rowden and other people who had great experience with the Armed Services to talk with the Navy.

Of course, what you have to realize, we were faced with a problem, and the problem was that it was not up to us to change the force structure of the services. After all, the Congress and the executive branch expanded the services of the last 5 years.

You had a 5-year plan and you had planned and authorized a future 600-ship navy. That was a force structure.

Now, the Navy felt that, look, you are asking us to plan ahead, and you have given us a responsibility for a 600-ship navy. And if we are going to have this 600-ship navy, we are going to have to have these ports for them to go to. And we cannot build the ships and then have them floating around, they have to have a port. So we are going to have to build these ports.

Now, there was considerable discussion, but the Navy did cooperate toward the end. It was like pulling teeth; it was. And changes were made and there was shifting around from one place to another.

One of the places we changed was the battlegroup of ships around the U.S.S. *Missouri* from Hunter's Point to Hawaii. We felt that we could save a lot of money, and that was a proper place for it to be. But we worked these things out. And toward the end, there were a number of realignments and closures from the Navy.

But I would say, Senator Eagleton was correct. The Navy was slow in coming around and they did give us a hard time. But toward the end, they did cooperate.

Mr. **Edwards**. In fairness, Mr. Chairman, I kept sitting there and waiting on the military services to come in and tell me how many bases they wanted to close, and none of them really rushed in with a list.

Senator **Inouye**. Senator Bradley.

Senator **Bradley**. Mr. Chairman, let me thank you again, and Senator Lautenberg, for allowing me to participate in the hearing today.

And let me say to Senator Ribicoff and Congressman Edwards that I appreciate your willingness to serve on this Commission, and your willingness to answer our questions.

SIX-YEAR PAYBACK PERIOD

Could you tell me how many bases did qualify for the 6-year payback period?

Mr. **Edwards**. Well, we closed some 86, as I recall.

Senator **Ribicoff**. Closed 86.

Mr. **Edwards**. They qualified, some 86 facilities qualified.

Senator **Bradley**. Eighty-six facilities?

Mr. **Edwards**. We closed 86 and so they qualified. Perhaps there were others but——

Senator **Bradley**. Were there others? That is what I want to know.

Mr. **Edwards**. I can only say perhaps. Not too many more. I cannot give you chapter and verse on that, but we feel like we got just about all of those that—where the military value could be, was in question, that we got just about all of those with the 6-year payback or under.

Let me just say that the first test was military value, before we started looking at payback.

Senator **Bradley**. Right. But let us get to the payback. How many more than the 86 were there? Certainly if you did an analysis you can tell me how many more.

Mr. **Edwards**. We did not do an analysis in that fashion.

PAYBACK PERIOD

Senator **Bradley**. Well, how did you figure our payback period then?

Mr. **Edwards**. We looked at those bases where we had questionable military value, to determine then if they fit the payback criteria. And if they did not, even though we thought there might be a military value in question, we left them on the books.

Where we had a military value that was low in a category, we then looked to see if it would meet the payback, and if it did, the chances are they are in our report today.

Senator **Bradley**. So, your first hurdle was military value. If a base did not get over military value, you did not look at the payback period, is that it?

Mr. **Edwards**. That is correct.

Senator **Bradley**. What was the criteria for military value?

Senator **Ribicoff**. Basically that it could perform the mission required of it with effectiveness and efficiency.

Senator **Bradley**. You see, it is very important to be very direct on the report from the Commission to the Congress on the issue of payback period, because payback period is the basis upon which you say you are going to close this base but not close that base.

In fact, you have told us in this hearing today that there are any number of bases which you would close if the payback period had been longer, which clearly indicates to me that you calculated payback period for many more bases than those that are on this list. And that is why it is a problem not to have the number of additional candidates, at least those bases who were under 6 years in payback period.

GRACE COMMISSION

Senator **Ribicoff**. Well, the question was those that were over. I mean, there was a lot of criticism. People were talking of saving $2 billion and $5 billion. We never set a figure.

I think it originally came from the Grace Commission. They went on the basis that you can close so many bases and you would save $2 billion, and everybody was quoting around $2 billion to $5 billion.

We never took the figure because right at the start we said, we had a job to do. The most important thing was to upgrade the entire base structure. And then we decided which ones were there, and then we did not figure out how much money we had to get. The more money we were able to save the better it was from a budgetary standpoint.

But in the charter and in the legislation, there was sufficient guidance that we felt that the parameter was a payback within 6 years.

Now, my feeling is if you had to do it over again, from comments that have been made by those members of the Armed Services Committee, they would not have limited us to 6 years.

If there was another Commission, and if the Army and the Defense Department goes into it, they should eliminate the 6-year restriction, because I think there are many more bases out there that could be realigned or closed if you had had a longer payback period, which I think would have made common sense.

BASES THAT MET 6-YEAR PAYBACK

Senator **Bradley**. Let me just try this question one more time, then I will not belabor it, but I do want the record to reflect your response.

Was there any base, and if so how many, that met the 6-year payback period that was not selected?

Senator **Ribicoff**. I would say you are entitled to that information. Off the top of my head, I could not give it to you. I do not know if Jack could.

We have got the staff here, and I would suggest that they go back to the studies and the records and supply you with that.

Senator **Bradley**. Would that answer be supplied for the record?

Senator **Ribicoff**. It should be; yes.

Senator **Bradley**. Yes; OK. And when might we have that for the record?

Senator **Ribicoff**. Tomorrow.

FORT KNOX AND FORT LEONARD WOOD BARRACKS

Senator **Bradley**. Tomorrow. OK; good. Let me get specifically to Dix, if I can, for just a few minutes, and talk about Dix in relation to some of the other bases.

The 1991 budget request for Fort Knox and Fort Leonard Wood has sizable dollars on the barracks question. Fort Knox has $25 million for barracks complex and $31 million for barracks modernization. Fort Leonard Wood has $11.2 million for trainee barracks.

This request was made prior to any of the decisions that flowed from the Base Closing Commission. Does this mean that Fort Knox and Fort Leonard Wood do not have adequate barracks facilities to handle their present training load?

Mr. **Edwards**. The Army witness or the Defense witness will be here this afternoon, and I really wish you would ask him that question.

I can only speak to that in a general sense and say that, given the overall comparisons between the facilities, land area, and all the other things that go into making an adequate base for basic training and advanced individual training, that our calculations concluded that the way we did it was the right way.

Senator **Bradley**. So you do not have the answer to the question as to whether they would have adequate facilities? That was not considered in this study? The Commission did not consider that?

Mr. **Edwards**. Well, our model certainly shows the cost requirements——

SUBSTANDARD BARRACKS

Senator **Bradley**. Do Fort Knox and Fort Leonard Wood have substandard barracks?

Mr. **Edwards**. I did not hear you.

Senator **Bradley**. Do Fort Knox and Fort Leonard Wood have substandard barracks?

Mr. **Edwards**. I would not doubt it. But our model certainly included cost comparisons for construction necessary——

Senator **Bradley**. But will they be replaced? These substandard barracks that you do not doubt, will they be replaced?

Mr. **Edwards**. I would hope so.

Senator **Bradley**. Are funds currently requested sufficient to replace them?

Mr. **Edwards**. I do not know the answer to that.

Senator **Bradley**. When could we have the answer for the record to that question?

Mr. **Edwards**. Perhaps this afternoon from the Defense Department.

MOVING TRAINEES FROM FORT KNOX AND FORT LEONARD WOOD TO FORT DIX

Senator **Bradley**. There has recently been an Army audit, which I am sure you have heard about in other testimony, that recommended that Fort Dix be on the receiving end for trainees from Fort Knox and Fort Leonard Wood. Was this considered by the Commission?

Senator **Ribicoff**. I do not think it was.

Senator **Bradley**. It was not considered?

Senator **Ribicoff**. I never saw it.

Mr. **Edwards**. It was not final, as I understand it, when we were doing our work.

Senator **Bradley**. Do you think it was relevant? Here is the Army saying we ought to take people from Fort Knox and Fort Leonard Wood and move them to Fort Dix, and here is the Commission saying we are going to close Fort Dix.

Mr. **Edwards**. We worked with the Army every step of the way on this.

We just did not dream up all these things. And everything that is in here, vis-a-vis Fort Dix, and any receiving facility, had a large input by the Army as to how the moves were being made, where they would go, where they could best consolidate training.

So I cannot weigh the study you referred to against our work with the input we had from the Army. But the whole work product having to do with Fort Dix had close cooperation with the Army in trying to craft it properly.

Senator **Bradley**. But it does seem odd, does it not, that on the one hand the Army would say, "This is a good idea to put Fort Dix on semiactive status," which is what you are asserting through the Commission; on the other hand the Army audit says that we should take troops from Fort Leonard Wood and Fort Knox and move them to Dix. That seems to be a bit of a contradiction.

Mr. **Edwards**. They certainly had that option to bring it to us, and they did not.

Senator **Bradley**. And they did not. In other words, right along, every step along the way the Army was saying, "Yes, let us move Fort Dix to semiactive status." There was no time in which the Army disagreed with this?

Mr. **Edwards**. I did not say the Army came in and said, "Fellows, let us close Fort Dix."

Senator **Bradley**. Oh, so the Commission overruled the Army?

Mr. **Edwards**. We were an independent Commission, asked to do a job, and we did it. And we asked the Army for its cooperation in carrying out our job, and they gave it.

Senator **Ribicoff**. I think, when you talk about pressure, we had no pressure from any of the services.

Senator **Bradley**. I did not mention pressure.

Senator **Ribicoff**. But they were not doing the dictating, they were giving the advice. There was supposed to be an independent study, and there was great concern about the services would be making all the decisions at the beginning. But the decisions were basically made independently.

The information that we needed we can only get in many instances from the services. But the decisions were made by the 12-man Commission. But when we needed facts and information, we went to them to get it.

And often when it came to realigning, they made suggestions as how best to realign it to achieve the greatest positive ends for the services. So there was cooperation. But there is a huge bureaucracy out there.

And it is a cinch that the people that—well, during the audit, I do not know whoever did that, were they the same people we were talking to? No. You see, this is the staff that we worked with from the Army.

So whoever did that audit, it was X, who we were talking to was Y.

Senator **Bradley**. Well, who was the person in charge of making the decision? Which has higher rank, X or Y? Which has higher clout? Who were you going to listen to?

Senator **Ribicoff**. We were the ultimate decisionmakers, the Commission.

WALSON ARMY HOSPITAL

Senator **Bradley**. Let me move to the hospital. As you know, Walson Hospital serves not only Fort Dix but Maguire Air Force base. It serves a sizable population in the area. It is a very important facility.

Does the Commission anticipate savings from reducing services at Walson Hospital? Are any of the savings you anticipate from Dix at the Walson Hospital, from reducing services?

Mr. **Edwards**. The Commission concluded that the military had to make some basic decisions about where to hospitalize people in that area.

McGuire has a major facility—clinic, I guess, would be a proper term for it. The Commission allowed for, in its numbers, for 50 people to remain at Walson until the Army decided how best to deal with that. And to that extent then, we took all that into consideration.

Senator **Bradley**. How many are there now? Reduced from what to 50?

Mr. **Edwards**. I do not personally recall the number there at Walson at the moment.

Senator **Bradley**. The man behind you does.

Senator **Ribicoff**. May I read from the report? Implementation of realignment will require careful planning. There must be adequate provisions for security, and maintenance of retained facilities to meet future expansion and mobilization requirements.

Infrastructure to operate residual active facilities such as Walson Army Hospital, and support from McGuire Air Force Base, the Naval Air Engineering Center at Lakehurst, and the Fort Dix training area, may also be required.

In reviewing the overall health care requirements within the Delaware Valley area, the Department of Defense should determine whether the Walson Army Hospital should be retained or downgrade to a clinic.

We are not telling the Army that they have to close it. We are saying definitely, the decision now is up to them to determine what to do with it. And we are also telling them, I believe, somewhere along the line that they might do. I would keep the Army to what our intentions are.

Senator **Bradley**. But the point is that, in order to meet the 6-year payback period, which is the hurdle here, there has got to be certain savings. And there are savings attributed to the reduction, if not closure, of Walson, or at least downgrading to clinic level, of Walson Hospital.

And my question is, on what basis was this decision made? Did you consult the Air Force at McGuire as to their needs?

Senator **Ribicoff**. The answer of the staff is "Yes."

INCREASE IN CHAMPUS COSTS

Senator **Bradley**. Have you anticipated any increase in CHAMPUS costs?

Senator **Ribicoff**. Yes.

Senator **Bradley**. So that is a savings that you assert have included the increase in CHAMPUS costs that will derive from Army personnel and retirees not being able to get medical services at Walson. This is included in the study?

Mr. **Edwards**. The answer is "Yes."

Senator **Bradley**. Could you tell me how much is the increase attributed to CHAMPUS in cost?

Senator **Ribicoff**. The answer is none.

Senator **Bradley**. None. So the basic study says you are going to close the hospital, reduce the hospital to a clinic?

Senator **Ribicoff**. That is up to the Defense Department.

Senator **Bradley**. And the people who have been using the hospital in the area who no longer have any hospital to use are not going to see a doctor, or if they are the doctor is not going to be paid under CHAMPUS.

Senator **Ribicoff**. No; that is not so. We deliberately put in there that this is the determination of how that hospital is to be used by the Defense Department.

In reviewing the overall health care requirements within the Delaware Valley area, the Department of Defense should determine whether the Walson Army Hospital should be retained or downgraded to a clinic.

So we are giving complete authority for the ultimate decision on Walson to the Department of Defense.

Senator **Bradley**. OK. Well, I do not want to take more time. But I think there are a number of questions related to Walson and a number of questions related to the whole barracks question, to the whole savings question, that we hope we can get some more answers.

Senator **Ribicoff**. I think if you and Senator Lautenberg would be good enough to supply a list of the questions you would like answered, we will have them answered forthwith.

Senator **Bradley**. Well, we will certainly do that. We have been supplying lists of questions for a couple of months, and we will continue to do that.

Senator **Ribicoff**. I do not know who you have supplied them to.

Senator **Bradley**. I appreciate your suggestion and I think we will probably be able to get some response.

IDENTITY OF FORT X QUESTIONED

I would just like to make one last point. In the study there is a savings attributed for moving *x* number of personnel from Fort Dix to Fort X. Upon probing as to what Fort X is, that seems odd on its face, that here is *x* savings moved from Fort Dix to somewhere else, and then Fort Dix to Fort X.

On probing, we discovered that Fort X is really Fort Dix. So moving from Fort Dix to Fort Dix. And if that savings was not counted, it is our assumption, guess, that you would not be in a 6-year payback period.

Mr. **Edwards**. I do not understand that question.

Senator **Ribicoff**. I do not understand what was done, and I do not question that that was done. And if it was done the way you say it was, it was a stupid mistake, X is Fort Dix.

Senator **Bradley**. But what happens if that puts it over the 6-year payback period?

Senator **Ribicoff**. I could not tell you. If it is one of the questions that you should ask, we will respond to that.

Senator **Bradley**. Mr. Chairman, I thank you so much for giving us the time, and I appreciate Senator Ribicoff and Congressman Edwards for sharing their thoughts.

And some of the things we have clarified, but many others remain to be clarified before this is even understandable to those people in New Jersey who are going to be affected by it. I wish to yield to Senator Lautenberg.

Senator **Lautenberg**. Yes. One point of clarification before we end this, if I might, Mr. Chairman.

SIX-YEAR PAYBACK RULE

The 6-year payback rule was not part of the mandate for the Commission, that was a benchmark that was created by the Commission as a target for savings; is that correct?

Mr. **Edwards**. There was a guideline established in the charter of the Secretary of Defense, which charter was made a part of the, or at least adopted by the legislation passed by the Congress.

Senator **Lautenberg**. So it was an integral part of the mandate initially?

Mr. **Edwards**. Yes; we took that as our guideline. We did not look on that as an absolute be-all end-all rule of law. But we did accept that as a guideline, because it was laid out in the charter that way, and the Congress adopted the charter.

Senator **Lautenberg**. There is a question about whether or not it was in the legislation. But I am not asking any more questions.

STATEMENT OF CHAIRMAN OF DEFENSE SUBCOMMITTEE

I thank you very much. And I am asked here to read a statement on behalf of the chairman of the subcommittee, because as we sensed his voice is not of the total character that we know it to be.

Senator Inouye has been suffering from a flu attack, so he asked me to read this statement. And that is, of course, he expresses the sentiment of all of us here, and that is to thank each of you for an outstanding effort. And the fact that we disagree does not at all diminish the effort that you put in.

We appreciate your taking time to appear before our subcommittee today, and we will have questions for the record from our subcommittee members.

Now, I understand that you are appearing before all of the relevant authorizing and appropriation committees on these base closure issues. So we will try to keep the questions to a minimum. This is the chairman's statement, it does not cover me.

STATEMENT OF ROBERT A. STONE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS)

Our next witness is Mr. Robert A. Stone. He is the Deputy Assistant Secretary of Defense for Installation now, along with the Joint Chiefs of Staff, and the military services, Mr. Stone's office, who was responsible for the review and evaluation of the Commission recommendations for Senator Carlucci.

Now, we have the misfortune, as Secretary Stone now knows, that we are going to hear from him. He is not going to hear from us today. He is going to be called back for questions.

Following the review, Secretary Carlucci fully endorsed the Commission's recommendations in total, and Mr. Stone's office will also have oversight over implementation of the base closures and will have a central role in managing the base closure financing accounts.

Secretary Stone, it is our understanding that you have been involved in the review of the management of military installations for several years. Once again speaking for the chairman, I am sure that you are familiar with many of the issues that we have been discussing, and we are pleased that you could appear before our subcommittee today.

Your complete statement will be included in the record of this hearing, and should you wish you may summarize your remarks. It is the intention of the subcommittee to have you back here so that we can pursue the questioning, and we apologize for not being able to do that today. We welcome you now to make your remarks.

Mr. STONE. Thank you, Senator Lautenberg, and Mr. Chairman.

My understanding is that you would like me to submit my statement for the record. And rather than go through an extensive summary, perhaps it would be more useful to the committee if I did the summary when I came back for questioning.

Senator INOUYE. We have decided to follow this procedure because of two very important members, Senator Stevens and Rudman, are not able to be with us today.

In addition, we have a special joint session of the Congress at this very moment, which requires all of our members to be participants. And so we realize it may be an imposition upon you, but if you could return in the very near future, at which time greater numbers of us can be here.

Mr. STONE. It is no imposition. That will be a pleasure, Mr. Chairman. If I may, could I have about 30 seconds of your time?

Senator INOUYE. Yes, sir.

DEBT OF GRATITUDE DUE COMMISSION

Mr. STONE. Let me just say two things. One is, the Defense Department and I think the Nation owes a debt of gratitude to the Commission for the outstanding work they have performed under the leadership of Senator Ribicoff and Congressman Edwards. They accomplished a great deal in a short time while operating independently of the Defense Department.

I have spoken to the Commissioners, senior leaders of the military departments, and read their report carefully. I have been tremendously impressed with the quality of their work.

Doing what they recommended will save the Department about $700 million a year, and will improve our Nation's defenses.

The second thing I would like to say regards the records and the data of the Commission. It has taken longer than the Department or the Congress would have liked, but we have recently made available all the Commission's files for review by Members of Congress and their staffs. We are prepared to assist people in going through the files and understanding what went on.

I think that is enough of a summary for me now, Mr. Chairman.

[The statement follows:]

STATEMENT OF ROBERT A. STONE

INTRODUCTION

Mr. Chairman and members of the committee, I am pleased to be here today to present the Department's fiscal year 1990 and fiscal year 1991 requirements associated with Secretary Carlucci's decision to close or realign All the bases recommended by the Defense Secretary's Commission on Base Realignment and Closure. I look forward to working closely with you on this most important matter that will save taxpayer dollars, while improving our nation's defense.

THE COMMISSION

Before I discuss the actions required to accomplish the recommended closures and realignments, I would like to acknowledge the debt of gratitude we owe the Commission for the outstanding public service they performed. Under the most able leadership of Senator Ribicoff and Congressman Edwards, these dedicated and experienced members of the Commission were called on to accomplish a gargantuan task in a short period of time, while operating independently of the Office of the Secretary of Defense. I have spoken to the Commissioners and to senior leaders in the Military Departments, I have read the Commission's report carefully, and I have come away enormously impressed with the quality of their product.

Realignment and closure of the 91 bases recommended by the Commission, including 16 major installations, will eventually save the Department, by Commission estimates, $700 million dollars annually. This will reduce the Department's 20 billion dollar annual base operation expenditures by about 3.5 percent.

While it has taken us longer than the Department or the Congress would have liked, we have recently made available all the Commission files in order to assist the Congress in its oversight responsibilities.

FUNDING BASE CLOSURES

There is an old adage that "it takes money to make money". For base closures, it takes money to save money. The DoD budget request for fiscal year 1990 and fiscal year 1991 includes $500 million per year for the Base Closure Account established by the Base Closure and Realignment Act (Public Law 100-526). These funds are required to pay the upfront costs associated with the recommended closures and realignments. Authorization and appropriation of these funds is essential for implementation to ensure the Department realizes the long-term steady-state savings that will result from these closings and realignments. The funds are needed to "prime the pump", as Jack Edwards put it.

Under the Base Closure and Realignment Act, the Department must initiate all the closure actions between January 1990, and September 1991—and complete all the closures no later than September 30, 1995. In order to meet the statute's requirement to initiate all the closure actions during fiscal year 1990 and fiscal year 1991, the bulk of the upfront costs needed to capitalize the Base Closure Account will be incurred in these years. Out of this account we will pay for construction to prepare receiving installations for increased mission and mission support. Out of this account we will pay for the costs of relocating personnel and equipment. At closing bases, the account will pay for shutdown and caretaker costs, plus the costs associated with reductions-in-force and early retirements. The Account will also cover the Homeowners Assistance Program, in order to minimize the impact on affected personnel; some environmental clean-up activities, to meet our environmental responsibilities; and assistance to communities who are losing a military installation, to make the transition as smooth as possible.

The Department's current fiscal year 1990 and fiscal year 1991 budget request also asked for authority during implementation to transfer unneeded funds appropriated for other purposes to the Base Closure Account. But we really need that authority now, in fiscal year 1989. We need money now for environmental studies, for planning and design of new facilities, and for homeowners assistance. The only way I can see to do that is to include transfer authority as part of a supplemental appropriation this spring or summer. We would use this authority, for example, to transfer MILCON funds no longer needed at bases that are closing into the Base Closure Account to pay for the above costs.

The Department is confident that if our request for $500 million in both fiscal year 1990 and fiscal year 1991 is authorized and appropriated, and our request for transfer authority is approved, we will be able to execute the closure actions in the time designated by law, and will quickly begin to realize savings.

EXPECTED BASE CLOSURE COSTS

Our plans are not final, but here is our best estimate of the costs we expect to incur implementing the Commission's recommended closures and realignments. The chart below depicts by Service, by major base, the expected costs for design and construction of facilities, and for implementation. Implementation primarily represents operations and maintenance costs. The figures below are from the Commission's cost estimates with the exception of the Air Force. The Air Force has been able to accomplish initial local site surveys to develop schedules for implementation that affect phasing of costs. The Navy has not completed their initial planning, but it looks like they will be able to execute their closures and realignments earlier than the Commission envisioned. The Army, with many more moves to plan for, is currently conducting initial planning and implementation is on schedule. As soon as the Department has better estimates of the actions to be taken and costs to be incurred during fiscal year 1990 and fiscal year 1991, we will report those to the Congress.

We do not have detailed cost estimates for homeowners assistance or for environmental clean-up. Local real estate appraisals are required on a case by case basis before we can fully estimate homeowners assistance costs. However, for fiscal year 1989 it looks like we will need about $5 million. Environmental studies have just begun. Until they are complete we will not know the extent of the problems, the costs, or which account (the Base Closure Account or the Defense Environmental Restoration Account) will fund the clean-up. It is not our intention to change policy for use of the Defense Environmental Restoration Account. Once we know the extent of the problems, we can determine whether the restoration account will fund the restoration. The Commission, using information available within the Department but without the benefit of local site surveys, did not find significant environmental clean-up problems or costs in most instances.

Finally, it is difficult to estimate the needs for economic adjustment assistance. Communities are calling for assistance to help soften the economic impact, and the Base Closure Account can be used to cover these kinds of costs. We can not estimate yet what these costs will be. For community planning assistance, it looks like we will need about $2 million in fiscal year 1989.

EASING THE IMPACT

We are fully aware that the issue of base closings encompasses more than funding and facilities. Many people and communities will be affected by these closings. Mitigating the impact and adjusting to closure of a base depends on the combined efforts of the Federal, state, and local Governments working in partnership with local community groups and individuals to plan for the re-use of the base, so that long-term economic recovery can quickly begin.

The Department is committed to assist communities with this planning. The Department's Office of Economic Adjustment works hand-in-hand with state and local communities to plan for civilian re-use of closed or realigned bases by helping communities develop strategies for business recovery. However, the key to successful community recovery is through early joint action. We must ensure that both the communities involved and the Department come out winners. To do so, we must move quickly. In several communities, such actions are already underway.

Another area of universal concern is the environment. We recognize that it is in the national interest to protect the environment; it is in our own interest because it's our environment too. This is where our military people, their families, and civilian employees live and work. We will take care of our environmental responsibilities.

We will also take care of our employees, both military and civilian. I have already mentioned the Homeowners Assistance Program. The Department also has the best outplacement program in the Government. We should be able to place, in another DoD or Federal job, almost every employee willing to relocate.

PLANNING

The keys to implementing all the actions necessitated by these closures and realignments are upfront funding and extensive planning. Planning will ensure that the myriad of considerations regarding community development, environmental protection, construction, relocation of personnel, operations and force structure planning, and like issues will be addressed in a comprehensive manner, thereby allowing closures to begin as quickly as possible. Each military service is taking the lead in planning for the closures of their bases.

No advance notice was given the military services regarding the Commission's recommendations. While realignment options were submitted to the Commission for evaluation, detailed planning to implement the final recommendations commenced with the Secretary's decision in January. Such activities as environmental studies, facilities design, real estate studies, identifying funding requirements, and long-range planning are all underway.

Once plans have been formulated and approved, the military services will initiate the realignments and closures in a manner that will ensure compliance with the time tables established in Public Law 100-526. The chart below depicts the base closure timeline as we see it today.

SUMMARY

The Department faces tough budgets for the foreseeable future. We have before us today recommendations for base closures and realignments that will reduce DoD costs while enhancing our military posture. Implementation of the Commission's recommendations will mean significant changes to our base structure—changes that will not only save taxpayer dollars but also improve our nation's defense. I urge the Congress to act favorably on these recommendations.

I also urge the Congress to act favorably on our request for the one billion dollars needed to capitalize the Base Closure Account and to act quickly on our request for transfer authority.

Thank you Mr. Chairman. I am now ready for your questions.

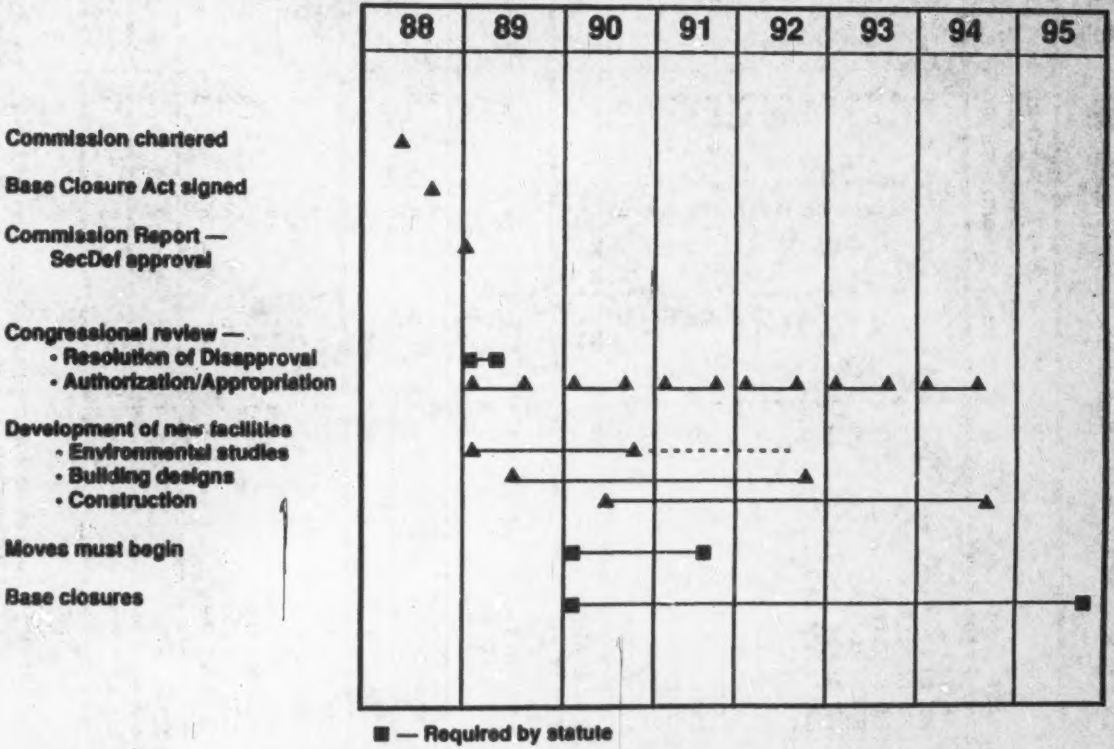
ESTIMATED BASE CLOSURE AND REALIGNMENT COSTS

	CONSTRUCTION ($M)			IMPLEMENTATION ($M)		
BASE	FY 90	FY 91	BEYOND	FY 90	FY 91	BEYOND
ARMY:						
FT DIX	160	0	30	45	32	105
FT DOUGLAS	1	0	0	5	2	5
FT SHERIDAN	2	24	0	6	18	18
PRESIDIO S.F.	108	0	0	49	3	12
FT MEADE Et Al	19	91	0	56	78	56
HAMILTON AAF	31	0	0	0	0	0
PUEBLO	10	3	0	12	12	1
UMATILLA	2	8	0	9	10	0
KAPALAMA	17	0	0	0	0	0
LEXINGTON	3	0	31	33	17	83
AMTL LAB	2	0	15	13	6	45
JEFFERSON PG	4	0	40	14	9	45
CAMERON STATION	10	97	0	1	18	10
ALL OTHER	2	0	0	0	0	4
TOTAL ARMY	371	223	116	243	205	384
NAVY:						
BROOKLYN	7	4	29	2	2	9
SAND POINT	17	8	62	1	1	3
HUNTERS POINT	42	42	0	7	7	21
LAKE CHARLES	12	2	0	0	0	0
GALVESTON	21	3	0	0	0	0
TOTAL NAVY	99	59	91	10	10	33
AIR FORCE:						
NORTON AFB	92	145	147	1	2	23
GEORGE AFB	41	36	28	7	0	36
MATHER AFB	48	74	33	5	4	21
PEASE AFB	0	0	0	30	2	2
CHANUTE AFB	80	122	0	5	9	19
TOTAL AF	261	377	208	48	17	101
GRAND TOTAL	731	659	415	301	232	518

NOTE: Costs above represent construction at receiving bases and implementation costs necessary to effect the closure or realignment of the bases above.

Base Closure Timeline

(Calendar Year)



SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted to the Commission for response for the record:]

QUESTIONS SUBMITTED BY SENATOR INOUYE

RETURNING OVERSEAS TROOPS

Question. Chairman Edwards, the Commission did not examine overseas bases that can be closed. As we understand it, that was because the Commission's charter excluded overseas areas. However, as your report notes, U.S. presence overseas can change—for example, our basing rights in Panama expire in 1999. Did the Commission consider the need for continental U.S. bases to absorb troops returning from overseas?

Answer. The Commission did not determine that there was an immediate need to retain domestic capacity for the return of overseas units, but such a contingency was considered in the context of the longer term. With regard to the Commission's recommendation regarding Fort Dix, for example, it was felt that preserving that installation in a semi-active status would provide a capability to absorb units affected by changes in overseas stationing.

OVERSEAS BASES

Question. Chairman Ribicoff, the Department's position on overseas bases seems almost schizophrenic. Bases in the U.S. must be closed to save money. Overseas bases cannot be closed, and must be maintained at any cost. For example, we are currently being told by the Department of Defense that we should appropriate $500 million for one new base to relocate an Air Force fighter wing from Spain to Italy. That almost equals the amount the Commission forecast would be saved annually by closing 86 installations in the U.S.

Do you think this dichotomy makes sense? Should Congress appropriate funds to build new bases overseas while we are closing bases in the U.S.?

Answer. The Commission was not charged to review overseas bases. In fact, such a review would have overtaxed the Commission's resources. The Commission did review the Secretary of Defense's Overseas Basing Study of October 13, 1988. We certainly understand the concerns of the Congress regarding the closing of domestic bases in the absence of overseas closures and agree that the overseas basing issue might be a candidate for review at some future time. The issues involved are different and, in many regards, more complex, involving as they do forward-deployed forces and alliance arrangements.

CONSTRUCTION COST ESTIMATES

Question. Chairman Edwards, during your tenure on the House Appropriations Committee, you had a lot of experience with Defense cost estimates. We have heard reports that the Commission's military construction estimates are optimistically low. The Commission estimated military construction and design costs of $297 million for March AFB. But the Air Force is currently advising that the relocation project will cost from $400 million to $450 million. How accurate are the Commission's military construction estimates? How were these estimates developed—by the Commission staff or by the military Services?

Answer. We believe that the cost estimates are realistic. They were developed using the Commission's cost model that used the standard facility categories, such as administrative buildings, barracks, and warehousing, and standard Tri-Service unit cost factors. The Commission's model even incorporated an area cost factor to adjust for regional differences. Where existing assets could be upgraded, the model assumed that would cost 75 percent of new construction. Only the minimum facilities needed were allowed. Our construction estimates include a factor of ten percent for planning and design. As the Services move toward the development of detailed plans and deigns we would expect some adjustments to the original estimates.

Question. Chairman Edwards, the Air Force's current construction estimate for the Norton AFB to March AFB realignment is 33 to 50 percent higher than the Commission's estimate. If his holds for other locations, would the Commission still be able to comply with the six-year payback requirement under the Commission's charter?

Answer. The Air Force has conducted site surveys and the major commands are validating the results of the surveys. There is a need to build facilities to earthquake specification at March which might add 8–10 percent to the construction costs at March. We do not expect any significant increases in estimated costs at any of the Air Force bases being realigned or closed that would affect the six-year payback requirement.

COMMUNITY ECONOMIC REDEVELOPMENT

Question. Chairman Edwards, the Commission's report evidenced a concern for the individuals and communities affected by closure and realignment recommendations. You had firsthand experience with such an impact when the Department closed Brookley AFB in Mobile. What can these communities do to effectively reuse their bases for economic redevelopment. What should communities like those surrounding Fort Dix, New Jersey, do to replace lost jobs? Since the Commission has recommended "mothballing" rather than closing the base, economic recovery will be quite difficult. Is that not true?

Answer. The Commission was very sensitive to the aftereffects of a base closing in the local community. In Chapter 7 of our report, we addressed a number of measures that community leaders could take, in partnership with the Federal Government, to mitigate any economic hardships associated with a closure. The case of Brookley Air Force Base shows that there are many viable alternatives

In the case of Fort Dix, where land and facilities will not be available for alternate uses, the approach used at Brookley and elsewhere does not apply. On the other hand, Fort Dix is located in a densely populated region with vigorous economic activity, so the impact can be more easily absorbed in the regional economy.

COST OF FEDERAL ASSISTANCE

Question. Chairman Edwards, a CBO study of past base closures found that federal-wide economic impact assistance equalled the revenues realized by selling the base property. Could you explain how the Commission treated federal-wide economic adjustment costs? Were these costs not considered, because most would occur in domestic agency budgets?

Answer. In general, the Commission did not delve into minimal costs or benefits related to base closures. Costs to the national government, excluding the Defense Department, fit into this category. CBO notes that this assumption tracks with the historical record, based on its study of closures in the 1970s.

ENVIRONMENTAL CLEAN-UP COSTS

Question. Chairman Ribicoff, the Commission's report states that hazardous waste clean-up costs were not considered because current laws require such clean-up to occur eventually. Our staff advises that such clean-up costs are quite significant. At Mather AFB alone they could approach $35 million.

To what extent did the Commission assume that the Defense Environmental Restoration Fund priorities would be altered to ensure the bases to be closed also would be the first to be cleaned up?

If such a change in priorities is not made, the base real property should not, and I believe cannot, be sold. Will this affect the Commission's sales estimates, their timing, and thus, the payback within 6 years?

Answer. Environmental Restoration Fund priorities were not an issue in the Commission's recommendations. The Commission noted in its report that "in some cases, the need for clean-up may affect the property disposal and reuse plan for excess property made available from the base closure or realignment."

PRIORITY FOR CLEAN-UP

Question. Chairman Ribicoff, given the importance of clean-up to property sale or disposal and that the new base closure account is authorized to fund environmental restoration, do you think the Committee should assign priority to such environmental clean-up expenditures? Which bases recommended for closure should receive highest priority?

Answer. I do not believe it would be prudent for the Committee to assign such priorities. It is my understanding that the Defense Department has an existing policy to clean up hazardous waste on a worst case first basis in order to maximize the protection to the people and the environment.

QUESTIONS SUBMITTED BY SENATOR BYRD

DOD REVIEW OF REPORT

Question. In accordance with a complex statute enacted by the 100th Congress, the Commission on Base Realignment and Closure has submitted to Congress and to the Secretary of Defense Frank Carlucci a list of proposed closures and realignments. Subsequently, Mr. Carlucci submitted to Congress a report as required by law and this report approved the recommendations of the Commission. Before submitting this report, how thoroughly did the Department of Defense analyze the Commission's recommendations?

Answer. That question would be more appropriately addressed to DoD witnesses or to Mr. Carlucci. The Commission is not familiar with the review process applied to its report once delivered to the Department.

COMPLETENESS OF LIST

Question. Do you believe this is the most comprehensive list that could have been assembled?

Answer. Taking into account all surrounding circumstances, we believe that the recommendations are valid and defensible. They represent the most comprehensive list that this particular commission could devise.

DOD DESIRES

Question. Would the Department have preferred other bases to have been included or excluded?

Answer. We would refer you to DoD witnesses for a more complete answer, but the Commission gave the Military Services every opportunity to propose bases for the Commission's consideration. Obviously, there were cases where the Services and the Commission disagreed, as in the case of the Navy's new strategic homeports.

BASE CLOSING SAVINGS

Question. When the legislation setting up the Commission was before Congress, proponents of the bill estimated that its enactment would save $2 billion to $5 billion a year, apparently on the assumption that some two dozen basses would be closed. In fact, the Commission's recommendations affect approximately three times that number of bases, but the estimated savings are substantially less. Can you explain this discrepancy? Can you state where the original estimates came from?

Answer. The Commission considered cost savings in its deliberations, but established no cost-savings targets and felt no obligation to attain any particular dollar figure, such as those cited from time to time in the media and elsewhere. We do not know the exact methodology used to derive the figures you have seen in the $2–5 billion range, but believe that they represent only order-of-magnitude figures based on limited investigations. One specific source for figures of this sort is the Grace Commission report.

FUTURE PROCESS

Question. Assuming that the Commission's recommendations are eventually carried out, do you think it would be useful to have another Commission, operating on a more or less permanent basis, to exercise oversight over the Department's domestic base structure?

Answer. We have outlined our recommendations for a future base-closing process in Chapter 8 of our report. We do not believe that a committee should be used as a routine means of evaluating bases, but that the function should be performed within the Department of Defense, perhaps with a panel of senior outside experts used in a validating and evaluative capacity.

UP-FRONT FUNDING

Question. If Congress were to authorize and appropriate $300,000,000 to carry out the Commission's recommendations, do you think this would be enough?

If Congress does not enact any specific authorization or appropriation of funds to carry out the Commission's recommendations, do you believe it will be possible for the program to proceed?

Answer.—The $300 million cited in our report was what we felt to be a minimum amount needed initially to establish the revolving fund, but the Department of Defense is the better authority on construction requirements and the Commission has no reason to argue with the $500 million requested in the Department budget. We are convinced that the base closure and realignment program cannot be accomplished without up-front funding. That is an article of faith.

DISPOSITION OF BASES

Question. Do you believe that, in disposing of unneeded bases, the government should attempt to obtain the maximum financial return, or should it attempt to achieve other objectives? If so, what other objectives should be achieved?

Answer. It was the expectation of the Commission that the Department of Defense would derive financial benefit from the sale of base closure real estate. At the same time, the Commission recognized that in some cases this would not be possible, and was satisfied that other uses of the surplus land, for parks or other civic uses, would still have the result of returning value to the taxpayers.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

RELOCATION COSTS—ISC

Question. According to a study by the Information Systems Command completed last Tuesday, the costs of moving major units between Fort Huachuca and Fort Devens as proposed by the Commission, will ensure that the relocation will never pay for its one-time expenditures. The estimates between the ISC study and the Commission's findings are drastically at odds. Let me cite an example:

	ISC study	Commission
One-time costs	$−462 M	$−228 M
Annual recurring costs	$−31 M	$+18 M
Construction	$−257 M	$−102 M
Telephone installation	$−40 M	Not considered
Personnel moves	$−110 M	$−83 M
Total costs	$900 M	$405 M
$495 M difference.		

There is a $495 million difference between these two studies. How do you explain this, especially the total omission of Fort Devens' lack of telephone installations, electrical capacity, and new construction costs?

Answer. We are advised that the ISC data have been presented to, but not accepted by, Headquarters, Department of the Army. Army officials are currently visiting all installations affected by the Commission's recommendations in order to refine estimates of costs.

CONFIDENCE IN COST DATA

Question. If the figures for Fort Huachuca are correct and there are mistakes, what confidence should we have in the analysis overall for all the bases?

Answer. The cost figures for all Commission recommendations are being reviewed by the GAO, which has not yet discovered any major problem with the cost model. Neither have we seen any substantive criticism of the other portions of our study.

RATIONALE FOR ISC MOVE

Question. When these costs are added to bills for higher utility costs in a cold region climate, premium pay to employees in the high cost area of Boston, living expenses and housing expenses increases, how can you justify this relocation? It does not appear to meet the criteria you set in the Commission's charter.

Answer. In large part, the Devens-Meade-Huachuca shift was an exchange of one organization for another, and no new significant net costs should arise.

PERSONNEL TRANSFERS TO FORT HUACHUCA

Question. Can you supply me with an accurate final number of personnel moving from Fort Devens to Fort Huachuca? The first set of figures given by the Commission omitted the entire student transfer.

Answer. The numbers used by the Commission from Fort Huachuca were as follows:

	Students	Mil.	Civ.	Total
Before	1614	7186	3800	12600
Tran Out	0	799	1233	2032
Tran In	917	1629	499	3045
After	2531	8016	3066	13613

This makes for a net gain at Ft Huachuca of over 1000 personnel.

The numbers currently being used by the Department of the Army are as follows:

	Students	Mil.	Civ.	Total
Before	1614	7186	3800	12600
Tran Out	0	765	1323	2088
Tran In	1760	1101	263	3124
After	3374	7522	2740	13636

This also makes for a net gain at Ft Huachuca of over 1000 personnel. This information is the result of a detailed coordination visit between the Department of the Army and the ISC. The above change has minimal impact on the payback.

SOCIOECONOMIC IMPACT—FORT HUACHUCA

Question. Why was a social and economic impact statement done for Fort Devens but not for Fort Huachuca?

Answer. An analysis of socio-economic factors was done for both Fort Devens and Fort Huachuca.

RECONSIDERATION

Question. Does each act and recommendation by the Commission stand on its own merits? What if these higher costs are substantiated by GAO and CBO and the move to Fort Devens does in fact cost more taxpayer money each year? Will you reconsider this error?

Answer. This Commission no longer exists per se. We have made our recommendations and have no standing to alter them. The fate of the recommendations is in the hands of the Congress, but we would suggest that the strength of this entire process is the "all or nothing" concept.

FORT DEVENS RATIONALE

Question. Why did the Commission decide that the option of closing Fort Devens with a two-year payback was not a viable option? Would you consider keeping the ISC at Fort Huachuca and moving other faciliies, such as the U.S. Army Printing and Publications Command, the Federal Aviation Agency Training Center, or the IRS Distribution Facility to Fort Devens in order to keep it open, if that is the intention?

Answer. The Fort Devens realignment was done for the following reasons: First, the Commission determined that Fort Devens was needed to support Reserve Component training. The Reserve Components are currently expanding while the training areas previously available for these units have been constrained. (For example, the recent conversion of Camp Drum to Fort Drum in New York will reduce the training available for the Reserve Components in the Northeast.) The closure of Fort Devens would have further reduced the training area available. The property would most likely be obtained by the National Guard. Second, the realignments of the Information Systems Command, the Criminal Investigation Defense Command, and the Intelligence School all offer significant advantages to the Army.

The all or none provision of the law does not permit deviations from those realignments indicated in the Commission's report.

OVERSEAS BASES

Question. I understand that the United States may have to spend $500 million, or 27 percent of the cost to relocate the base in Spain to Italy. It is this type of cost that worries me, both in burden-sharing and cost savings. Why didn't the Commission look into closing bases overseas?

Answer. The Commission was not charged to review overseas bases. In fact, such a review would have overtaxed the Commission's resources. The Commission did review the Secretary of Defense's Overseas Basing Study of October 13, 1988.

QUESTIONS SUBMITTED BY SENATOR BUMPERS

UP-FRONT FUNDING

Question. On page 11 in your statement, you say the Pentagon needs $300 million "at a minimum" to carry out the Commission's recommendations, and there is $500 million in the budget request. Does this mean we could transfer $200 million to other military requirements and still implement the recommendations?

Answer. The $300 million cited in our report was what we felt to be a minimum amount needed initially to establish the revolving fund, but the Department of Defense is the better authority on construction requirements and the Commission has no reason to argue with the $500 million requested in the Department budget. We are convinced that the base closure and realignment program cannot be accomplished without up-front funding. That is an article of faith.

COST OF BENEFITS

Question. Did your cost model take into account the cost of unemployment compensation and other related welfare benefits in looking at the cost of closing a base?

Answer. Costs for social-impact programs such as food stamps, welfare, and unemployment compensation were not included in the Commission's cost-estimating model. The Commission believed that these costs would be minimal.

FUTURE PROCESS

Question. You have made a very exhaustive study. When do you think such a comprehensive review should be undertaken again?

Answer. We have outlined our recommendations for a future base-closing process in Chapter 8 of our report. We do not believe that a committee should be used as a routine means of evaluating bases, but that the function should be performed within the Department of Defense, perhaps with a panel of senior outside experts used in a validation and evaluative capacity.

DISCOUNT FACTOR

Question. Yours is one of the very few government studies to use the OMB-prescribe circular A-94 10 percent discount rate in evaluating costs and benefits, and I congratulate you for it. Why did you use this correct financial analysis technique even though it had the effect of reducing the apparent savings to be realized from closing or realigning a base?

Answer. At every point, the Commission attempted to make decisions based on the best facts and clearest logic available to it. Since we had no self-imposed goal to meet in terms of numbers of closures in dollar savings, using the correct approach of discounting future income or savings streams posed no problem for us.

GOCO'S

Question. What do you think should be done with government-owned contractor-operated plants? Should we sell them, or continue as we are now doing?

Answer. Because of a ruling by the General Counsel of the Department of Defense, the Commission did not evaluate the status of GOCOs, but it was the sense of the Commission that there are opportunities for closure and realignment among the GOCO facilities and that they should be examined in any future process.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

BASE X TRANSFERS

Question. It appears that the Commission assumed some of the savings from reducing Fort Dix to semi-active status would come from transferring 602 soldiers to base "X,"thereby saving the total pay, allowances, and supporting costs for these soldiers. Is that correct?

Was it anticipated that these soldiers would simply leave the Service or would they be transferred to another base or post in the Army?

If they are to leave the Service, what is the reason for their separation from the Army? Are they performing functions that will no longer be needed if Fort Dix closes?

If they would simply be transferred to another base, can you explain to me how there would be any savings in military costs since these men would continue to be paid and housed?

Answer. The Commission estimated that 70 officer, 1236 enlisted, and 861 civilian jobs could be eliminated by reducing Ft Dix to semiactive status, as the functions associated with those jobs will no longer be needed.

Additionally, 602 military and 435 civilians will be relocated to other installations, as yet unspecified. Their costs were accounted for by assuming an average TRADOC installation, located 1500 miles from Fort Dix.

During implementation, these personnel would be transferred or placed (in the case of civilians who desire Federal jobs) in other vacancies within DOD. The saving would occur at that time.

WALSON COSTS

Question. It's my understanding that a decision to reduce the Walson Army Hospital at Fort Dix to a clinic has not been made. Is that consistent with your understanding? If so, then why did the Commission include savings from reducing Walson Army Hospital to a clinic in its estimate of total savings from reducing Fort Dix? Why did it use those savings as part of its basis in calculating the number of years it would take for the reduction of Fort Dix to semi-active status to pay for itself?

Answer. The Commission, while leaving open the option for full-scale operation at Walson, did assume for cost-estimating purposes that it was more likely that Walson would be reduced to a clinic.

DIX PAYBACK PERIOD

Question. Do you agree that without Base "X" personnel savings and the savings from Walson Army Hospital, the payback period for reducing Fort Dix to semi-active status would have been more than 6 years? Would that have caused the Commission to reject the option of reducing Fort Dix to semi-active status.

Answer. The savings projected for Fort Dix are real and are supported by the Commission's cost model.

FORT JACKSON BARRACKS

Question. The Commission report claims excess barracks space exists at Fort Jackson to accommodate personnel transferring from Fort Dix. How much of this excess barracks space is in new permanent barracks? How much is in WWII wooden barracks? Are some of the barracks where the new personnel will be housed currently unused, and if so, what are the costs of upgrading those barracks to make them livable? If some of the new recruits will be housed temporarily in wooden barracks, how much will it cost to finally replace them, when will that replacement happen?

Answer. The Commission only considered adequate barracks space. All excess barracks space at Fort Jackson is located in permanent barracks facilities. There are no empty adequate barracks. Excess space was the sum of empty rooms in partially occupied adequate barracks. Therefore, no upgrade or renovation costs will be required.

World War II wooden barracks were not considered adequate and therefore were not used to determine excess or deficit space. New recruits will not be housed in wooden barracks due to the realignment of training.

The Commission estimates that approximately 100,000 square feet of additional barracks space will have to be constructed at an estimated cost of $7 million.

The Department of the Army has yet to establish a firm movement schedule. No moves will be made prior to 1 January 1990.

MISCELLANEOUS COSTS OF DIX REALIGNMENT

Question. Did the Commission consider the following items in arriving at the costs of realigning Fort Dix?

The cost of maintaining constant security at the semi-active Fort Dix?

The cost of keeping Fort Dix ready for instant reactivation for mobilization mission purposes, including maintenance of buildings and ranges, heat, utility and sewage costs?

The cost of guarding the ammunition magazine which supports many active, reserve and other units on the East coast?

If the plan is to relocate this magazine, were the relocation costs considered?

The cost of economic assistance to the local area resulting from reduction at Fort Dix, including three years of impact aid to the local school systems at a cost of more than $7 million per year.

The cost of Federal government reimbursement to local governments for the new construction of school facilities designed to support the Fort Dix dependent community (Pemberton Township is currently building a $17 million addition to its high school for precisely this reason).

Answer. The Commission considered and calculated the cost of maintaining Fort Dix in semi-active status. The Commission also considered the socioeconomic impact of the Fort Dix realignment.

TRANSFERRING SUPPORT MISSIONS

Question. Fort Dix has a training and logistical support mission for many Army, Air Force and Navy bases in the Northeast corridor as well as for West Point. Will this mission remain at Fort Dix or will it be transferred elsewhere? If it is transferred, what is the cost to perform this transfer? Were the costs of this transfer included in the Commission's calculation that it would cost $245 million to reduce Fort Dix to semi-active status?

Answer. The Commission did not designate receiving locations for smaller activities. For closed bases, these activities would have to be moved to other locations and therefore costs were considered for these moves. With Fort Dix remaining in semi-active status, moving all small activities will not necessarily be required. The Army will be responsible for developing an implementation plan for these small activities.

DIX SEPARATION AND TRANSFER POINT

Question. Fort Dix operates the major Separation and Transfer point in the Northeast. Will this mission remain at Dix or move elsewhere? If transferred what is the cost of transferring these functions? Were the costs of this transfer included in the Commission's calculation that it would cost $245 million to reduce Fort Dix to semi-active status?

Answer. The Transfer Point mission at Fort Dix will not change as a result of the Commission's recommendations. The Army has studied this mission in the past and is currently studying the mission to determine if more effective options are available. No decision has been made at this time. Any change in the Transfer Point mission will be handled as a separate action and not part of this realignment.

HIGH TECH AND REGIONAL MAINTENANCE TRAINING

Question. One other installation considered for potential closure was excluded by the Commission during Phase I partially on the basis of its operation of one-of-a-kind state of the art training at its highest tech training center/regional maintenance training center. Was the presence of that facility at Fort Dix considered by the Commission?

Answer. The presences of the High Technology Training Center/Regional Maintenance Training Center was identified by the Commission in Phase I. This is primarily used by the Reserves and National Guard and will remain active at Fort Dix. At this time there are no plans to move it.

The Commission knows of no installation that was excluded from consideration solely on the basis of a one-of-a-kind special training in the "Schools basic training" category.

DEBT SERVICE COSTS

Question. Because the U.S. is operating on a deficit, every dollar on the margin spent by the government must be borrowed. The cost of borrowing money for government programs is the interest that must be paid. Did the Commission consider these costs in developing its calculation that it would cost $245 million to reduce Fort Dix to semi-active status?

Answer. The Commission's recommendations, when implemented, will reduce costs and therefore potentially reduce the deficit and borrowing. The Commission's cost estimating model included the Office of Management and Budget standard discount rate of 10 percent in calculating future projects.

FISCAL YEAR 1990 AND FISCAL YEAR 1991 CONSTRUCTION COSTS

Question. There is a $1.2 million instructional facility construction request in the fiscal year 1990 portion of the budget submitted to Congress and a $26 million construction request for Fort Dix in the fiscal year 1991 portion of the current budget for a sewage treatment plant. Both these construction requirements are dated January 1989, a month after the Commission released their findings. Why were these projects submitted if the Commission's report recommends the drastic reduction of Fort Dix?

Answer. The Department's budget was prepared over the course of last year (1988) and submitted to the President on December 9 1988, 20 days before the Commission issued its report.

M'CLELLAN/BLISS OPTION COST

Question. According to the Commission's own documents, it will cost $250 million to move basic training from Dix, compared to $155 million to move it from Forts McClellan and Bliss. So, up front, it costs $95 million more to move basic training from Fort Dix—the option the Commission chose.

However, according to the Commission, we ultimately save $100 million in less than ten years by changing Fort Dix's status, while we save only $1 million over 7 years by moving basic training from Forts McClellan and Bliss. Therefore, the Dix option saves $86 million more than the McClellan/Bliss option over their respective payback periods.

Do you agree that this means that we are spending roughly $95 million more up front to close Dix to save only $86 million more over the long run?

Does the Commission believe that it is cost effective to do that?

Answer. The Commission's recommendation was based on a judgment about, in the first place, military value. The payback criterion was then applied. In the case of Fort Dix, the payback occurs in 5 years and the annual savings are $85 million.

FORT JACKSON WATER SHORTAGE

Question. Currently Fort Jackson has water shortage and sewage problems that require $3.8 million to correct, based on the current population of Fort Jackson. Do the cost estimates of the Commission take these costs into account? Do the cost estimates take into account the additional cost of correcting these problems for the additional population that will be added at the base when Dix is reduced?

Answer. The Commission did evaluate the availability of water at Fort Jackson and determined there was no significant problem.

The Commission considered the cost of required Military Construction as one of its costs, if those costs were a direct result of the closure or realignment. In this case, there are no appropriations to rectify either the water shortage or sewage problems in the Army's Military Construction program from fiscal year 1988 through fiscal year 1994.

M'CLELLAN/BLISS OPTION

Question. I have a document here that shows that the Commission considered other options besides reducing Fort Dix to semi-active status and removing its basic training. One of those options would have closed the basic training programs at Fort Bliss and Fort McClellan. Is that correct? Fort Dix's barracks are all modern facilities. Is it true that Fort Bliss and Fort McClellan house some of their recruits in wooden barracks? Did the Commission take that into account in making its decision? Is it true that closing Fort Bliss and Fort McClellan would have resulted in consolidating basic training from 8 to 6 posts without requiring any additional construction? Isn't it true that the Fort Bliss/McClellan option would have cost up front nearly $100 million less than the Fort Dix option presented by the Commission? (Reference document)

Answer. The Commission did consider a number of options. The Commission decided to close basic training at Fort Bliss but not at Fort McClellan. The Commission's recommendation to reduce Fort Dix to semi-active status was based on a number of factors not just barracks for basic training. The Fort Dix decision consolidated not only basic training at fewer locations but also a number of advance individual training functions at single locations.

SIX-YEAR PAYBACK

Question. It's my understanding that the Commission discarded the option to close Fort Bliss and McClellan because it did not meet a six-year payback rule established by the Commission? This rule was not a requirement of the legislation passed by Congress setting up the Commission, was it? What was the basis for the establishment of this rule? Why six years? Why not seven? or ten?

Suppose a base closure option we'll call "a" would save the country millions more than base closure option "b," but would require more than six years—say ten years—to pay for itself. Would the Commission reject that option, and if so, does that make sense?

Answer. All installations were considered for closure.

Neither Forts Bliss or McClellan were considered for Phase II closure analysis as a result of their military value to the nation.

The six year pay back requirement was not a requirement of the Base Closure and Realignment Act, Public Law 100-526.

While the pay back period was not included in the law it was highly recommended by Congress. Per Congressman Les Aspin, November 7, 1989:

. . . we've told the commission not to close bases unless the costs of closure are judged to be recoupable within six years."

The Commission Charter required that the total cost for savings realized from the closure or realignment of the base will, by the end of the six-year period beginning with the date of the completion of the closure or realignment of the base, exceed the amount expended to close or realign the base." As a result of this guidance the Commission did not analyze any situation such as you depict, and hence there is no basis upon which to respond to this query.

ARMY TRAINING BASE OPTIONS

Question. Is it true that four options for realignment of the basic training function were initially examined by the Commission? Is it true that both Army and the Commission's first choice for base closure of basic training was to remove training from Fort McClellan and Bliss where it is conducted out of wooden barracks? (Can't refer to choice, it is prohibited by the Commission.) Was Fort Dix selected as the target of realignment only after the Bliss/McClellan and the second choice options were discarded?

Answer. The Commission was chartered to close military installations, not functions. The Commission never considered closing Fort Bliss or Fort McClellan. A number of options for realignment of functions were considered in order to effect the reduction of Fort Dix to semi-active status. Fort Dix was chosen because it was low in overall military value.

FORT DIX SUNK COSTS

Question. We have spent over $160 million to modernize basic training at Fort Dix in the last 8 years. This action will result in keeping basic trainees at Fort Bliss and Fort McClellan in substandard WWII barracks for the foreseeable future. How can you justify this?

Answer. Basic training will not be kept at Fort Bliss. In addition, every base in this category has exerienced a similar upgrade. These are sunk costs.

NEW CONSTRUCTION COSTS

Question. The purpose of the realignment Commission was to get rid of the excess military bases. Yet it appears that reducing Fort Dix to semi-active status will require construction at the gaining bases because there are not enough resources in the Army to absorb the 7,500 spaces being moved out of Fort Dix. Is that correct? How much will that new construction cost? What is included in the estimate for new construction, is it only the cost of barracks, or does it include other improvements to the gaining bases to make them comparable to the facilities at Fort Dix?

Answer. Closing military bases almost always will require construction and other up-front costs unless forces (like divisions) are being reduced. The predominant factor in this instance is the movement of Basic and Advanced Training to streamline operations and not the reduction of force structure.

The Commission estimates approximately $190 million in military construction will be required at the five installations receiving functions from Fort Dix and the other losing bases associated with the Fort Dix realignment. (Note: there will also be a savings of $5.8 million in construction cost avoidance.)

RECRUITING TRENDS

Question. Last year, the Army accepted significantly more category 3 and 4 recruits (less qualified) due to a failure to meet recruiting goals. That trend is predicted to continue as the pool of eligible recruits continues to shrink.

Historically, lower category trainees drop out more often during and after their first tour than higher-category trainees. Recruiting them requires more basic training to support the same size force. This suggests the Army's excess basic training spaces will soon turn into needed training space.

The Department of Defense in a letter to me of February 8, 1989 indicates that Defense is aware that Army's active and Reserve force requirements for basic training are on the rise. It claims that those requirements have increased 10 percent between FY88 and FY89, and will continue to increase by an additional 4 percent between FY89 and FY90. They are expected to remain at that high plateau through fiscal year FY94.

Did the Commission take this trend into account in considering whether or not to reduce the Army's current excess capacity for basic training?

Answer. Yes, it was included in the guidance we received from our charter.

EVALUATION CRITERIA

Question. It's my understanding that the Commission used 55 criteria to evaluate the assets and liabilities of each base considered for closure. Then the Commission assigned a numerical weight to each of these criteria. Those 55 factors and the weights assigned to them were then used to calculate how long it would take a base closure to pay for itself, the annual savings expected from a base closure and the total cost of closure. Is that correct? How did you come up with those 55 criteria? How did you assign the relative weights to those 55 criteria, and if so, under what circumstances? The Commission documents, in describing the assignment of relative weights to the 55 criteria, say this, and I quote:

"The application of weighting factors in each subcategory recognize that the essential elements of analysis within an attribute factor are not of equal importance. The relative values of the weights are arrived at by an iterative process of subjective assessment, 'what looks right' followed by a LRSS model to correct obvious discrepancies and to calibrate the model. . . .?" Can you tell us what that means? Would you agree that the relative weights assigned to those 55 criteria are subjective?

Answer. The Commission established 21 military value evaluation factors which were then assigned relative weights based on the significance of each factor in relation to the others. Combining the factor and weights with the data collected to measure the evaluation factors resulted in a determination as to the military value of a base. This phase of analysis did not address costs, savings, and payback. Finally, the relative savings and evaluation do not reflect the expert advice received from the Services, the Commission staff, outside experts, and the Commissioners on military matters and are therefore subjective.

MODEL VALIDATION

Question. Was the model developed and used by the Commission scrutinized and/or validated by any outside agency like the GAO or the CBO? If not, why not?

Answer. The model was validated by the Logistics Management Institute and is currently being reviewed by GAO and CBO. The Commission requested a GAO review of its model earlier in the process, but that agency decided to delay an evaluation until after the Commission's work was completed.

FORT DIX PAYBACK

Question. All basic training posts besides Dix were excluded from consideration for closure when it was found that it would take longer than six years to pay back the costs of closure. In Fort Dix's case, the numbers were simply adjusted to get the payback period below 6 years. Why?

Answer. The Commission did not calculate payback on all basic training posts.

ARMY AUDIT AGENCY REPORT

Question. Was the Commission aware of a June 1988 Army audit agency report that called for the expansion of basic training at Fort Dix and the reduction of basic training at Fort Leonard Wood and Fort Jackson? Was the Commission aware that the audit based its conclusion on the fact that Forts Leonard Wood and Jackson had substandard barracks and Fort Dix has modern, up-to-date barracks? Was the Commission aware the audit also said, "Recruits should be scheduled for basic training at installations where adequate barracks space is available to avoid additional barracks construction or barracks modernization costs?" Why was that recommendation rejected by the Commission?

Answer. The report you refer to was not made available to the Commission as it was still a draft report while the Commission was deliberating. The Commission's review of Army training bases included all functions performed at the bases, not just basic training. The Commission's analysis of military value was based on 21 factors. One element of one of those factors was barracks space. Finally, the Commission consolidated both basic training and advance individual training; a more comprehensive analysis than the draft audit report. The Commission was chartered to close bases and since this was not a viable option for an internal Army study in light of the fact that no bases had been closed in over a decade, the Audit Agency options were more limited.

FORT JACKSON CLOSURE OPTION

Question. Why did the option to close or reduce Fort Jackson to semi-active status, dubbed option "c" during Phase I of the Commission deliberations not receive the full analysis done on option "b" (close or make semi-active Fort Dix) during Phase II? If this analysis was done, why was it not included in the Commission documentation?

Isn't it true that Fort Dix scored objectively higher on the 55 evaluation factors than Fort Jackson, a base that is recommended to get recruits under the Commission analysis? Were the variables of encroaching civilian population and weather part of those 55 variables considered?

Isn't it also true that after that objective analysis was done, someone went back and decided that Fort Dix would be better to reduce than Jackson due to Fort Dix's encroaching civilian population and weather, factors already weighed and considered in the original 55 factor objective analysis?

Answer. Fort's Dix and Jackson both scored low in military value and both were analyzed for closure during Phase II. Analysis for both has been provided in the Commission's reading room at 1825 K street. Following Phase II analysis it was the Commission's judgment that Fort Dix was a better candidate for realignment/closure than Fort Jackson. First, after analyzing each for caretaker status, Fort Dix's Back-of-the-Envelope break-even point was much lower than Fort Jackson's. Second, any realignment of training from Fort Jackson would completely overtax the remaining installations' training capacity in this category while a similar realignment from Fort Dix could be easily absorbed by the remaining installations.

Encroachment was one of the essential elements of analysis used by the Commission. Weather was not used to evaluate the installations.

UNNAMED FORT NON-CLOSURE

Question. During Phase I of the Commission's deliberations, a certain Fort which I am prohibited from naming due to a prohibition by the Commission was considered for possible closure. Closing that Fort would have paid for itself in under five years. Yet, once rejected by the Commission during Phase I, this option was never revisited during Phase II, even after the option to close Forts Bliss and McClellan was eliminated due to an overlong payback period. Why?

Answer. Phase I of the Commission's process only included evaluations of military value. Fort Bliss and Fort McClellan were never considered for closure.

ANALYSIS BY SERVICE

Question. Why did the Commission conduct three separate studies, one for each Service? Would not a unified single study have better served the objectives of the Commission to find the optimal reconfiguration of military bases?

Answer. The Commission chose to separate bases into categories to facilitate analysis. In fact, several separate studies were initially conducted for each Service. It would have been impossible to design a military value analysis that would compare an Army training base to an Air Force bomber base to a Navy port. After the initial phases of analysis were substantially complete, the Commission did consider cross-Service and cross-category potentials before making their final recommendations.

NAVY COOPERATION

Question. Senator Eagleton, in his additional views, points out that the Navy stonewalled the Commission and got away with it. Is it true that the Navy was minimally affected because it refused to comply with the Commission's requests for data and therefore, there was nothing to base any naval installation analysis upon? Is it also true that because of the short time frame, the Commission was unable to force the issue and get better data from Navy? Didn't the Commission award this stonewalling by not cutting Navy bases in any significant fashion?

Answer. We do not believe that the Navy stonewalled the Commission. The Navy was slow in providing the data we requested, but eventually provided all we asked. The Commission noted that the Navy has been growing slightly while the Army and the Air Force have been declining in force structure, so there was less opportunity for closure in the Navy.

FORT DIX SEMI-ACTIVE STATUS

Question. Fort Dix is being put in semi-active status to maintain future capability to accommodate restationing of troops from overseas. What exactly does "semi-active" status mean? Will the first wave of troops returning from overseas be stationed at Fort Dix? When the troops come out of Panama in 1999, where will they go?

Answer. Semi-active status is interpreted to mean that the installation will be primarily postured to support the Reserve Component workload field exercise requirements and a continuation of those activities currently located at Fort Dix but not relocated by the Commission. Activities not addressed by the Commission's report but which directly support those activities that are identified to move must be relocated and appropriately sized to augment the increased workload at the receiving base. Activities not in support of the relocated missions will not be relocated unless there are lower cost alternatives to accomplish their missions. Fort Dix's garrison workforce will be appropriately sized to support intermittent Reserve Component field exercise requirements, activities not relocating, field and regional support missions and other missions that would not be practical nor economical to realign.

No determination of future Army stationing requirements are available at this time, but, as is stated in the Commission Report, Fort Dix is being retained in part in a semi-active status in order to ". . . provide capability to absorb future Army force structure changes resulting from possible overseas unit stationing."

DIX SEPARATION POINT AND MOBILIZATION MISSIONS

Question. If Fort Dix is put in semi-active status, how will this affect its role as a separation station? What will happen to its mission as a mobilization point?

Answer. The Transfer Point mission at Fort Dix will not change as a result of the Commission's recommendations. The Army has studied this mission in the past and is currently studying the mission to determine if more effective options are available. No decision has been made at this time. Any change in the Transfer Point mission will be handled as a separate action and not part of this realignment.

Fort Dix will keep a Mobilization Point mission. The full scope of that mission is being reevaluated by the Army.

STATE USE OF FORT DIX LAND

Question. What does the Department of Defense envision doing with the state leases on Fort Dix like the mid-state correctional facility?

Answer. Fort Dix will remain a semi-active post; therefore, existing leases will not be directly affected by the Commission's recommendations. Existing leases like the Mid-State Correctional Facility will be negotiated using normal established procedures.

QUESTION SUBMITTED BY SENATOR McCLURE

BINDING NATURE OF REALIGNMENTS

Question. Commissioners Ribicoff and Edwards: I would like you to clarify one point for me concerning the legal force of the Commission's recommendations. I understand that the closures and realignments recommended are mandated by law assuming that they are not disapproved by Congress. Does this also apply to the relocations resulting from the closures and realignment? For example, if the Commission's recommendations are not rejected by the Congress, George AFB will be closed. That is, so to speak, written in stone. Is it also written in stone that F-4Es and F-4Gs from George will be transferred to Mountain Home AFB as the Commission recommended? Or are the relocations still open to change, either by the Defense Department or the Congress?

Answer. The legislation is clear. The Commission was required to recommend bases for closure or realignment and to assign military installations to which actions will be transferred as a result of the closures and realignments recommended by the Commission. In addition, the term realignment is defined in the legislation as any action which both reduces and relocates functions and civilian personnel positions. We are aware that this question has been raised and answered by the Department. The Secretary's acceptance of all the Commission's recommendations included all the receiving locations prescribed by the Commission.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

SOCIO-ECONOMIC IMPACT

Question. You make the claim in your statement that the socio-economic impact of your recommendations "will be minimal." Did the Commission reject any possible facilities closures because of anticipated adverse socio-economic impact? Are we to believe that none of the realignments and closures considered or recommended have any thing more than a "minimal" impact on the communities involved?

Answer. No potential closure recommendation was overturned by an unfavorable result in the evaluation of the socioeconomic factor. In all but two cases, the evaluation of the socioeconomic impact was "minimal," and in the remaining cases it was "moderate."

INDIVIDUALS' CONSIDERATIONS

Question. Now I see in the Commission's final report an impressive explanation of the analysis tools and the cost-estimating models used in your study. But I want to know how the disruption to the private and professional lives of individuals was aggregated and factored into your equations.

My office, and I'm sure many others, are getting scores of inquiries from nervous constituents who want to know what will become of their jobs or housing. Can you tell us what provisions have been made to address the individual needs for information on implementation timing, assurances of alternative facilities, and unique hardship amelioration?

Answer. The Commission was certainly sensitive to the fact that individuals would be affected by the recommendations in the report. That is, unfortunately, a fact of life in any change of the status quo. As far as factoring those issues into the "equation" is concerned, that can only be done on an aggregated basis, and that is the basis on which it was done.

The details of any actions associated with closures and realignments will be forthcoming, we understand, from the Department of Defense. Neither the approval process nor the required upfront funding action is yet complete, and if approved the recommendations will not begin to take effect until 1990.

FAMILY HOUSING UNITS—MANHATTAN BEACH

Question. One of the Commission's recommendations is the closure of several stand-alone family housing installations which were determined to have exceeded their economic life. I have a question regarding a particular situation in my own state of New York which I'm sure is not an isolated case. The U.S. Army's Manhattan Beach housing installation is on the closure list and the residents are confused and upset because, while they are being asked to leave with no alternative housing yet identified, Coast Guard officials have been touring their homes because they want to put Coast Guard families into the facilities. If the bottom line is that the federal government will realize no savings from this transfer of facilities from Defense to Transportation, why disrupt the lives of the families presently occupying the housing?

Answer. The Commission's recommendation is that the property be closed to use by the Army. The disposition of excess or surplus property is covered by law and is outside the Commission's control, but the Commission has recommended that closure plans allow for continued occupancy of the units by the personnel currently housed in them, until those personnel are reassigned to new duty stations.

QUESTIONS SUBMITTED BY SENATOR REID

AIRSPACE AND LAND WITHDRAWALS

Question. The Base Closing Report suggested that funds remaining in the Base Closure Account, after realignments are completed, be used to lease or purchase land to expand air-ground training areas in sparsely settled parts in the Western United States. An example given included Nellis AFB in Nevada, and areas in Death Valley and Western Utah.

I am concerned that airspace withdrawals and land withdrawals may be contemplated. Land-use issues are very important in the West and proper procedures for land and airspace withdrawals must be followed.

I would like to have a commitment that any proposals for airspace or land withdrawals follow all proper procedures and that they be sent to the delegations of the affected states well in advance of the withdrawals to ensure that an adequate evaluation can be made.

Answer. The Commission cannot make the commitment you have requested, since it has neither continued existence nor implementation authority. We will, however, transmit your concerns to the Department of Defense.

ENVIRONMENTAL CLEAN-UP

Question. It is my understanding that some of the bases proposed to be closed may have hazardous materials which must be disposed of if the bases are closed. The costs of clean-up may have been underestimated. For instance, the majority clerk of the Military Construction Subcommittee found clean-up costs at Norton AFB were underestimated by $13 million. What accounts for this discrepancy? Does this hold for other bases marked for closure? How much would it increase the cost of implementing the Commission's recommendations?

Answer. The Commission considered the cost of the clean-up of hazardous materials to be a sunk cost since the Department's obligations (or liabilities) would be unchanged by a base closure. Therefore, the cost for clean-up was not considered in our analysis. The Commission also noted that since site investigation has not been completed on many bases, clean-up estimates are only speculative at best.

QUESTIONS SUBMITTED BY SENATOR BRADLEY

6-YEAR PAYBACK, NON-CLOSURES

Question. Since military value was the primary criteria for examining bases, we are assuming no base was analyzed for 6-year payback that met the Commission's standards for military value. Were there any bases not closed or realigned that met the 6-year payback? If so, how many bases were on that list and why were they not selected? Please include a list of those bases.

Answer. Question, which is FOIA protected, has been answered.

WOOD, KNOX, JACKSON BARRACKS

Question. Do Fort Leonard Wood, Fort Knox, and Fort Jackson use substandard barracks? Will these barracks have to be replaced?

Answer. Forts Leonard Wood, Knox and Jackson do have some inadequate barracks used by trainees or receptees. At Forts Leonard Wood and Jackson these World War II (inadequate) barracks are used to handle periodic surges in the training input load. Normally a trainee would not live in these barracks throughout the training cycle.

At Fort Knox, there are approximately 1,400 trainee spaces in inadequate barracks. These inadequate barracks will be addressed through the normal MCA program, not using funds made available as a result of the Commission recommendations. The trainee input load resulting from the Commission's recommendations will be placed in adequate barracks through the most economical and efficient combination of upgrading existing permanent barracks and using new construction.

BARRACKS CONSTRUCTION COSTS

Question. How many additional barracks spaces, and at what cost per space, did the Commission project for Fort Knox, Fort Leonard Wood and Fort Jackson?

Answer.

Base	SF Req	From	Cost ($)
Fort Knox	310,000	Fort Dix	23,003,690
Fort Leonard Wood	163,210	Fort Dix	10,811,030
Fort Jackson	68,000	Fort Dix	3,916,800
	53,081	Fort LW	3,057,466

(Note.—These costs reflect the shortfall in barracks space only. They do not include costs associated with requirements for administrative, supply, and dining facility space.)

BARRACKS CONSTRUCTION COST FACTOR

Question. Was the cost to upgrade the substandard barracks at the receiving bases factored into the military construction cost figure used for this option?

Answer. Inadequate barracks were not included in the Commission's analysis. No rehabilitation costs were calculated.

WALSON AH SAVINGS

Question. Does the Commission formula anticipate substantial savings from reduced services at Walson Army Hospital?

Answer. The Commission cost model costs an anticipated reduction in the size of Walson Army Hospital to an Army Health Clinic. The resulting clinic will be adequate to support the active duty soldiers remaining at Ft. Dix. As we recommended on page 52 of our report, the Defense Medical Facilities Office is reviewing the overall health care requirements within the Delaware Valley to determine the best disposition of Walson Army Hospital.

CURTAILMENT OF MEDICAL SERVICES

Question. Did DoD or the Commission in fact assume that Walson would be reduced to a clinic or that medical services would be substantially curtailed?

Answer. The Commission, while leaving open the option for full scale operation of Walson, did assume that it was more likely that Walson would be reduced to a clinic.

SUPPORT OF M'GUIRE AFB

Question. How will this affect the capacity of the Air Force to provide for McGuire Air Force Base?

Answer. It is our understanding that the Defense Medical Facilities Office review of the overall health care requirements will include the Air Force and Navy requirements to ensure that the best possible care of authorized users will be maintained.

DISCUSSIONS WITH AIR FORCE

Question. Did the Commission discuss these assumptions with the Air Force and did they concur that these services would no longer be necessary for McGuire and other military personnel in the Delaware Valley region?

Answer. The Commission obtained data and information from the Air Force, the Army and the Health Affairs Office within the Office of the Secretary of Defense before making its decision.

CHAMPUS COSTS

Question. Did the Commission anticipate any increase in CHAMPUS costs if Walson were reduced or scaled back?

Answer. CHAMPUS costs are an element of cost contained in the Commission's cost model. There is a shortage of medical personnel throughout the Army and significant CHAMPUS costs are incurred in many areas. Consequently, a realignment of medical personnel throughout the Army would only cause CHAMPUS costs to go up in one area and go down in other areas.

COSTS OF REMAINING PERSONNEL

Question. What cost did the Commission anticipate for remaining personnel at Dix? For McGuire? For other missions conducted by Walson?

Answer. The Commission anticipated that over 1200 personnel would remain at Fort Dix. This number included personnel to operate an Army Health Clinic. In addition to health services, the remaining force is expected to support the reserve training mission, McGuire Air Force Base, Lakehurst Naval Air Engineering Center, and other area support missions not directly related to the Fort Dix training mission. The cost to support these personnel will be approximately $14M per year. The Commission did not evaluate any McGuire Air Force Base personnel costs as part of the Fort Dix evaluation.

SUBCOMMITTEE RECESS

Senator INOUYE. This committee will stand in recess until Wednesday, March 8, at 2 p.m. At that time we will hear from the Commander-in-Chief of the Atlantic.

Thank you, sir.

[Whereupon, at 11:20 a.m. Thursday, March 2, the subcommittee was recessed to reconvene at 2 p.m. Wednesday, March 8.]

JOINT HEARING

DEPARTMENT OF DEFENSE AND MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1990

TUESDAY, APRIL 4, 1989

U.S. Senate,
Subcommittees of the Committee on Appropriations,
Washington, DC

The subcommittee met at 2:04 p.m. in room SD–116, Dirksen Senate Office Building, Hon. Daniel Inouye (chairman of the Subcommittee on Defense) presiding.

Present: Senators Inouye, DeConcini, Bumpers, Lautenberg, Stevens, Kasten, D'Amato, Rudman, and Grassley.

DEPARTMENT OF DEFENSE

Base Closures and Realignments

STATEMENT OF ROBERT A. STONE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS)

ACCOMPANIED BY DOUGLAS HANSEN, PROGRAM MANAGER, BASE CLOSURE IMPLEMENTATION

HEARING PROCEDURE

Senator **Inouye**. The subcommittees will please come to order. The Senate Appropriations Subcommittees on Defense and Military Construction will consider their joint hearing on base closures and realignments.

On March 2, we heard testimony from the Chairmen of the Commission, Senator Abraham Ribicoff and Congressman Jack Edwards. This afternoon we will hear from the Deputy Assistant Secretary of Defense for Installations, the Honorable Robert Stone.

Following Mr. Stone's testimony, we will then hear from the Congressional Budget Office, Mr. Robert Hale and Dr. Wayne Glass.

Senator Sasser, who is the chairman of the MilCon Subcommittee, cannot be here this afternoon because of Budget Committee hearings. He has asked me as the next ranking Democratic member of the MilCon Committee to chair for both subcommittees.

Along with the Joint Chiefs of Staff and the military services, Mr. Stone's office was charged with reviewing and evaluating the

Base Closure Commission's recommendation for former Secretary Carlucci.

Most importantly, Mr. Stone will oversee the implementation of the base closure actions, and he will have a central role in managing the new base closure financing account.

We really appreciate your return to accommodate members of this committee. And for the benefit of the members and public here this afternoon, we would appreciate it if you could once again orally summarize your statement and your remarks.

But, before we proceed, do you have anything you would like to say, Senator Stevens?

Senator STEVENS. Mr. Chairman, I am delighted that you did us the courtesy of continuing this hearing so that we might attend, some of us who had a funeral to attend the day it was previously scheduled.

I have got to tell you that in the interim, my State has suffered disaster of major proportions, and I must leave soon. So I want to apologize for having asked to continue this and then to have to go away right away. We have a series of meetings going on, but I do appreciate your courtesy and I am going to stay as long as I can.

Thank you.

Senator INOUYE. Senators, are there are any statements that you would like to make?

Senator DECONCINI. Nothing, just questions when the time is appropriate, Mr. Chairman.

Senator LAUTENBERG. Nothing, Mr. Chairman.

Senator STEVENS. I do have some questions I would like to submit for the record.

Senator RUDMAN. Nothing, Mr. Chairman.

Senator INOUYE. Thank you. I have a written statement from Senator Dan Coats that I would like to put in the record at this time.

[The statement follows:]

STATEMENT OF SENATOR DAN COATS

As my colleagues on the Committee are well aware, the Secretary of Defense's Commission on Base Closures has submitted a proposal that purports to save the taxpayer billions of dollars by streamlining our base structure. These are worthwhile goals which we all support.

However, I am deeply troubled by the Commission's failure to adequately consider environmental clean-up costs in its estimates of savings. The Commission rather easily assumes that these costs will be covered by the Defense Environmental Restoration Program and therefore need not be addressed. As you know, there are over fourteen thousand former and present military sites waiting for clean-up funds through this program. Clearly, historical funding levels will be woefully inadequate to restore a safe and hazard free environment for our citizens.

I urge you to carefully consider the Jefferson Proving Ground in Indiana. Since World War II, Jefferson has tested munitions for the Army. Over 22 million rounds have been fired, and the Army estimates that there are 900 thousand undetonated shells covering several thousand acres. In addition, a two square mile impact area is contaminated with depleted uranium.

Initial clean-up cost estimates are staggering—in excess of thirteen billion dollars. While the Indiana Department of Environmental Management is working to refine this estimate, we may well have a situation in which clean-up costs at Jefferson far exceeds any savings generated by the closings.

Closing Jefferson Proving Ground and implementing responsible clean-up measures may prevent us from achieving our originalgoal—saving scarce tax dollars.

The former Secretary of Defense pledged not to walk away from these problems, but as we all know that promise takes money. The Commission simply failed to consider that the source of revenue for the Defense Environmental Restoration Program is one and the same for all federal programs—the American taxpayer.

I urge you to consider our responsibility to our citizens in affected communities and to our environment as you begin hearings on military base closures. I appreciate the opportunity to share my concerns with you.

SUMMARY OF DEPARTMENT'S REQUIREMENTS

Senator INOUYE. Secretary Stone.

Mr. STONE. Thank you, Mr. Chairman, and members of the committee. I am pleased to be here today to summarize the Department's requirements for 1990 and 1991 associated with Secretary Carlucci's decision to close or realign all of the bases recommended for closure or realignment by the Secretary's Commission on Base Realignment and Closure.

The Department of Defense is currently updating its fiscal year 1990/fiscal year 1991 President's budget request. The revised numbers in this budget request should reflect military and civilian manpower reductions associated with the Base Closure Commission recommendations. The specific details of these reductions will not be available until the revised budget request has been submitted to the Congress.

I look forward to working with this committee on this important matter that will save taxpayer dollars while improving our Nation's defense.

COMMISSION'S WORK LAUDED

Before I discuss the actions we will need to take, I would like to acknowledge the debt of gratitude we owe the Commission for the outstanding public service they performed.

Under the most able leadership of Senator Ribicoff and Congressman Edwards, these dedicated and experienced members of the Commission were called on to accomplish a gargantuan task in a very short time.

I have spoken to the military departments, the senior people in the military departments, I have read the Commission's report very carefully, I have spoken to the Commissioners, and I have come away enormously impressed with the quality of their product.

Realignment and closure of the 91 bases recommended by the Commission, including 16 major installations, will eventually save the Department, by Commission estimates, $700 million a year, and will improve our Nation's defense.

While it has taken us longer than the Department or the Congress would have liked, we have made available all the Commission files in order to assist the Congress in its oversight responsibilities.

BUDGET REQUEST

I will not discuss funding. Our budget request for 1990 and 1991—and this is the Reagan budget, so there is some chance it will be revised—includes $500 million per year for the base closure account established by the Base Closure and Realignment Act, Public Law 100-526.

These funds are needed to pay the up-front costs associated with the recommended closures and realignments. Authorization and appropriation of these funds is essential for implementation to allow the Department to realize the long-term savings that will result from these closures and realignments.

Under the act, we have to initiate all closure actions between January 1990 and September 1991 and complete all of the closures by September 1995. In order to meet the statute's requirement to initiate all the closure actions during 1990 and 1991, the bulk of the costs needed to capitalize the base closure account will be incurred in those years.

Out of this account we will pay for a number of things: we will pay for construction to prepare receiving installations for increased mission and mission support; we will pay for the cost of relocating people and equipment. At closing bases, the account will pay for shutdown and caretaker costs, plus the costs associated with reductions in force and early retirements.

FUNDS NEEDED

The account will also cover the Homeowners Assistance Program. It will cover some environmental cleanup activities to meet our environmental responsibilities and it will pay costs to help communities who are losing a military installation to make the transition as smoothly as possible.

Our budget request also asked for authority during implementation to transfer unneeded funds appropriated for other purposes to the base closure account. We really need that authority now during fiscal 1989. We need money this year especially for planning and design of new facilities and for homeowners assistance.

The only way I can see to get funds this year is to include transfer authority as part of a supplemental appropriation this spring or summer. We would use this authority, for example, to transfer construction funds no longer needed at bases that are closing into the base closure account to pay for design and for homeowners assistance.

1990-94 IMPLEMENTATION PERIOD

The Department is confident that if our request for $500 million in both fiscal 1990 and 1991 is authorized and appropriated, and if our request for transfer authority is approved, we will be able to execute the closure actions in the time designated by law, and we will quickly begin to realize the economies.

My written statement contains our best estimate of how the overall economics shape up during the 1990 through 1994 implementation period. There is a chart included in my statement which depicts the total expected costs for design and construction of facilities and other costs, primarily in operations and maintenance associated with implementation.

The chart also shows the savings we expect to realize during the implementation period through construction avoided, reduced base operating costs, economies of scale, and efficiencies achieved from base closures and realignments.

What they show is that during 1990 to 1994, we will have implementation costs of just over $3 billion, and savings during that period of about $3.2 billion. And, of course, after 1994, we expect to realize economies of about $700 million per year.

This is a good deal for the Government and the taxpayers, even if we do not consider the value of the land.

PEOPLE AND COMMUNITIES AFFECTED

We understand fully that the issue of base closing encompasses more than funding and facilities. Many people and communities will be affected by these closings.

Mitigating the impact and adjusting the closure of a base depends on the combined efforts of the Federal, State, and local governments, working in partnership with local community groups and individuals to plan for reuse of the base so that long-term economic recovery can begin quickly.

The Defense Department is committed to assisting communities with this planning. The Department's Office of Economic Adjustment works hand-in-hand with State and local communities to help them plan for civilian reuse of closed or realigned bases by helping communities develop strategies for business recovery.

The key to successful community recovery is through early joint action. We must insure that both the communities involved and the Department come out winners. To do so, we must move quickly, and in most communities such actions are already underway.

We have reached agreement with the Administrator of General Services, delegating to the Secretary of Defense the Administrator's authority to manage and dispose of real property affected by base closures. That will help us move ahead with the recovery process.

ENVIRONMENTAL CONCERNS

Another area of universal concern is the environment. We recognize it is in the national interest to protect the environment. It is in our own interest because it is our environment too. This is where our military people, their families and civilian employees live and work. We will take care of our environmental responsibilities. We will also take care of our employees, both military and civilian.

I have already mentioned the Homeowners Assistance Program. The Department also has the best outplacement program in the Government. We should be able to place, in another DOD or Federal job, almost every employee willing to relocate.

In summary, Mr. Chairman, the Department faces tough budgets for the foreseeable future. We have before us recommendations for base closures and realignments that will reduce DOD costs while enhancing our military posture. Implementation of the Commission's recommendations will mean significant savings, significant changes to our base structure, changes that will improve our Nation's defense.

I urge the Congress to act favorably on these recommendations to appropriate the $500 million that we are requesting in fiscal year 1990 and 1991, and to act quickly on our request for transfer authority.

That concludes my summary, Mr. Chairman. I am now prepared to answer your questions with some help from my colleagues.

[The statement follows:]

STATEMENT OF ROBERT A. STONE

INTRODUCTION

Mr. Chairman and Members of the Committee:

I am pleased to be here today to present the Department's FY1990 and FY1991 requirements associated with Secretary Carlucci's decision to close or realign all the bases recommended by the Defense Secretary's Commission on Base Realignment and Closure. I look forward to working closely with you on this most important matter that will save taxpayer dollars, while improving our nation's defense.

THE COMMISSION

Before I discuss the actions required to accomplish the recommended closures and realignments, I would like to acknowledge the debt of gratitude we owe the Commission for the outstanding public service they performed. Under the most able leadership of Senator Ribicoff and Congressman Edwards, these dedicated and experienced members of the Commission were called on to accomplish a gargantuan task in a short period of time, while operating independently of the Office of the Secretary of Defense. I have spoken to the Military Departments, I have read the Commission's report carefully, and I have come away enormously impressed with the quality of their product.

Realignment and closure of the 91 bases recommended by the Commission, including 16 major installations, will eventually save the Department, by Commission estimates, $700 million dollars a year and will improve our nation's defense.

While it has taken us longer than the Department or the Congress would have liked, we have recently made available all the Commission files in order to assist the Congress in its oversight responsibilities.

FUNDING BASE CLOSURES

I'll now discuss funding. There is an old adage that "it takes money to make money". For base closures, it takes money to save money. Our budget request for FY1990 and FY1991 includes $500 million per year for the Base Closure Account established by the Base Closure and Realignment Act (P.L. 100-526). These funds are required to pay the upfront costs associated with the recommended closures and realignments. Authorization and appropriation of these funds is essential for implementation to ensure the Department realizes the long-term steady-state savings that will result from these closings and realignments.

Under the Base Closure and Realignment Act, the Department must initiate all the closure actions between January 1990, and September 1991 -- and complete all the closures by September 30, 1995. In order to meet the statute's requirement to initiate all the closure actions during FY1990 and FY1991, the bulk of the upfront costs needed to capitalize the Base Closure Account will be incurred in these years. Out of this account we will pay for construction to prepare receiving installations for increased mission and mission support. Out of this account we will pay for the costs of relocating personnel and equipment. At closing bases, the account will pay for shutdown and caretaker costs, plus the costs associated with reductions-in-force and early retirements. The Account will also cover the Homeowners Assistance Program. It will cover some environmental clean-up activities, to meet our environmental responsibilities; and help communities who are losing a military installation, to make the transition as smooth as possible.

The Department's current FY1990 and FY1991 budget request also asked for authority during implementation to transfer unneeded funds appropriated for other purposes to the Base Closure Account. But we really need that authority now, in FY1989. We especially need money this year for planning and design of new facilities, and for homeowners assistance. The only way I can see to do that is to include transfer authority as part of a supplemental appropriation this spring or summer. We would use this authority, for example, to transfer Construction funds no longer needed at bases that are closing into the Base Closure Account to pay for the design and homeowners' assistance.

The Department is confident that if our request for $500 million in both FY1990 and FY1991 is authorized and appropriated, and our request for transfer authority is approved, we will be able to execute the closure actions in the time designated by law, and will quickly begin to realize savings.

EXPECTED BASE CLOSURE COSTS

Our plans are not final, but my written statement contains our best estimate of how the overall economics shape up during the FY 1990 through FY 1994 implementation period. The chart depicts in total the expected costs for design and construction of facilities, and other costs primarily in operations and maintenance, associated with implementation. The chart also shows the savings we expect to realize during the implementation period through construction avoided, reduced base operating costs, economies of scale, and efficiencies achieved form base closures and realignments. The overall economics of the recommended base closures and realignments show that this is a good deal for the government and the taxpayers even if you do not consider the value of land. As soon as the Department has better estimates of the actions to be taken and costs to be incurred during FY1990 and FY1991, we will report those to the Congress.

EASING THE IMPACT

We are fully aware that the issue of base closings encompasses more than funding and facilities. Many people and communities will be affected by these closings. Mitigating the impact and adjusting to closure of a base depends on the combined efforts of the Federal, state, and local Governments working in partnership with local community groups and individuals to plan for the re-use of the base, so that long-term economic recovery can quickly begin.

The Department is committed to assisting communities with this planning. The Department's Office of Economic Adjustment works hand-in-hand with state and local communities to plan for civilian re-use of closed or realigned bases by helping communities develop strategies for business recovery. However, the key to successful community recovery is through early joint action. We must ensure that both the communities involved and the Department come out winners.

To do so, we must move quickly. In several communities, such actions are already underway.

I'm pleased to say that we have reached agreement with the Administrator of General Services on the delegation to the Secretary of Defense of the Administrator's authority to manage and dispose of real property affected by the base closure and realignment decisions. That will help us move ahead with the recovery process.

Another area of universal concern is the environment. We recognize that it is in the national interest to protect the environment; it is in our own interest because it's our environment too. This is where our military people, their families, and civilian employees live and work. We will take care of our environmental responsibilities.

We will also take care of our employees, both military and civilian. I have already mentioned the Homeowners Assistance Program. The Department also has the best outplacement program in the Government. We should be able to place, in another DoD or Federal job, almost every employee willing to relocate.

SUMMARY

In summary, Mr. Chairman, the Department faces tough budgets for the foreseeable future. We have before us today recommendations for base closures and realignments that will reduce DoD costs while enhancing our military posture. Implementation of the Commission's recommendations will mean significant changes to our base structure -- changes that will not only save taxpayer dollars but also improve our nation's defense. I urge the Congress to act favorably on these recommendations -- to appropriate the $500 million we are requesting -- and to act quickly on our request for transfer authority.

Thank you Mr. Chairman. I am now ready for your questions.

ADDITIONAL BASE CLOSURES

Senator INOUYE. Thank you very much.

Secretary Stone, as you are well aware, the Commission did not examine bases that could be closed because of force structure or workload changes. The press reports that our new Secretary of Defense, Mr. Cheney, will favor additional base closures.

Will the Department propose additional installation closures as part of its revised budget?

Mr. STONE. Mr. Chairman, as far as I know now, we have no plans to include base closures in the budget revision that is now being prepared. However, during any time of economic retrenchment, and we are in such a time, we do and will continue to consider possible changes in the base structure.

So I do not want to rule out any possibility of proposals coming along in the next year or so. Right now, I am not involved in any such preparation.

DOD ROLE IN COMMISSION'S RECOMMENDATION

Senator **Inouye**. What role did you play in the Commission's recommendation?

Mr. **Stone**. None at all.

Senator **Inouye**. I ask this because the closures proposed by the Commission are not news; it has been recommended for the past 10 years, and I thought DOD had something to do with it.

Mr. **Stone**. Secretary Carlucci was very careful to direct his staff to stay out of the Commission's work. The only relationship we had with the Commission was helping with housekeeping tasks, helping them hire people, find office space, get equipment, that sort of thing.

Senator **Inouye**. Did you provide the necessary data and statistics that were necessary?

Mr. **Stone**. We asked the military Departments to provide all of the data that the Commission asked for. Essentially all the data on military installations resided in the military Departments. The Office of the Secretary of Defense does not keep much data, nor did we supply much.

Senator **Inouye**. What you are saying is that you did not suggest to the Commission the bases that should be closed?

Mr. **Stone**. Absolutely not. And Secretary Carlucci told the Secretaries of the military Departments on several occasions that he did not want them to make such recommendations either.

Senator **Inouye**. Senator Lautenberg.

Senator **Lautenberg**. Thank you, Mr. Chairman.

Very briefly, Mr. Stone, I have a couple of questions about the facility at Fort Dix, NJ. There has been a considerable debate about that.

When we heard from the respective Chairmen of the Commission, I thought that the reasons established for, or at least presented for closing, left out some very important factors. And I hope that you have some answers to questions that were posed.

WALSON ARMY HOSPITAL

For instance there is Walson Army Hospital on Fort Dix. Are you familiar with that?

Mr. **Stone**. Yes.

Senator **Lautenberg**. The question is, with lots of military retirees there and other family members who now receive care at the Walson Army base, they get inpatient and outpatient services there, what will they do if Walson Army Hospital is downgraded to a clinic?

Has there been a calculation as to how much that care, given elsewhere, will cost?

Mr. **Stone**. I do not believe we have a detailed calculation, Senator Lautenberg. My own estimate of that is we are treating military people and retirees who are eligible for care. At the same time, eligible recipients of care in other areas are being treated on

CHAMPUS because hospitals in other areas are understaffed. Some of the medical people at the hospital in New Jersey would be available for reassignment to other places, and if the costs of medical care in the Fort Dix area goes up, we would expect it to be substantially offset by reduced CHAMPUS costs in other areas.

Let me just check something in the report.

I was looking for the Commission recommendations that the Department of Defense should determine whether the Walson Army Hospital should be retained or downgraded to a clinic. I do not believe that determination has yet been made.

Senator **Lautenberg**. Well, that is precisely the question, Mr. Stone. When we make these calculations, all of the accounting has to be complete. And, frankly, I do not think that they recognize, perhaps an increase in the CHAMPUS costs.

I would like for the Defense Department to run through this and be more specific in their forecast to see what we will save realistically. That is a facility that serves, again, a very substantial and growing military retiree population.

So I would like to see whether or not the costs for the reductions in service lined up with an increase in CHAMPUS costs, what might result.

Do you know the dollar amount the Commission estimated might be saved by downgrading the Walson Hospital from hospital to clinic?

Mr. **Stone**. We have the Commission's cost estimate on how much would be saved through all the realignments associated with Fort Dix, Senator. I do not have an estimate on the costs or savings from downgrading the hospital to a clinic.

Senator **Lautenberg**. I would like to get that, if you will.

Mr. **Stone**. We will be happy to provide those to you.

[**Clerk's note**: Ongoing study results will not be finalized until late fall of 1989. Information/data will be provided at that time.]

MILITARY PRISONS

Senator **Lautenberg**. Again, inherent in the decisionmaking process is this factor, and another one that I would like to talk about. It can affect the period of time scheduled for the payback, which might exceed the 6-year benchmark set up by the Commission. We would like to see that.

Also, we have a correctional facility there, as I think you know, at Fort Dix. Now, the reports are that Mr. Bennett, our drug chief, and DOD are planning to put drug convicts, drug felons into military prisons on military bases to relieve overcrowding in civilian jails.

Do you know if that is true?

Mr. **Stone**. Mr. Bennett is looking to the Defense Department to see if we can help him in that endeavor; that is true.

Senator **Lautenberg**. So then someone in your Department must have said that we have extra space in military jails to accommodate that need.

Mr. **Stone**. We did not invite that or offer that, Senator Lautenberg. We are responding to a request from Mr. Bennett.

Senator **Lautenberg**. Do you know whether you have extra space?

Mr. **Stone**. I can tell you the last time I was involved in that issue, which was a couple of years ago, we tend to have bits of extra space all over the place, brigs or containment facilities at all our major bases. They are usually quite small.

The Defense Department policy has always been to work very hard to avoid taking hardened criminals into these facilities, because the military people that are normally incarcerated there are typically guilty of relatively minor infractions; infractions that are minor enough to allow them to continue in the military service.

If they are guilty of felonies they would be shipped off to a place like Fort Leavenworth.

Senator **Lautenberg**. But, the Army does project that it needs an increase in prison facilities, generally. Are you familiar with that?

Mr. **Stone**. No, I am not. I did not know that.

Senator **Lautenberg**. The Army has said that, and it would be interesting to see what increase is projected for there. And further, if we are going to close that base, we lose a facility that serves a purpose.

I have several questions, Mr. Chairman, that I will submit for response from the Defense Department.

But I would have to say this, as we review the calculations made and the payback cycle, if we discount the cost of moving people to other facilities; accommodating them in other ways, whether it is hospitals or prisons; or the enormous sums that have been invested to upgrade Fort Dix; and now to suggest that we can move that recruit population into substandard or less accommodating facilities, then the calculation is not one that bears the kind of scrutiny that I think we ought to be making.

COSTS OF CLOSING/REALIGNMENT

I am concerned about the size of the payback, the time it takes to recapture it. Just one last thing. The $500 million that you are looking for as funds for the closing costs, does that net out against the $700 million projected costs?

Are you saying we are going to save $1.2 billion in those years, and the net result will be $700 million?

Mr. **Stone**. No. What we are saying is that the total cost of implementing all the base closures over a 5-year period is in the neighborhood of $3 billion. And most of that is in the first couple of years.

During that 5-year period, we will save nearly $3 billion in expenses foregone. By the time we reach steady-state operation, when everybody is where they are ultimately supposed to be which is by 1996, our operating costs will have been reduced by about $700 million a year.

Senator **Lautenberg**. But in the early years we have the offset of the closing expenses against those projected savings. So we reduce the savings from $700 million to something substantially less in the early years; is that correct?

Mr. **Stone**. Very much less. We are operating in the red the first couple of years, and that is why we are asking for not only the appropriation, but also for transfer authority.

Senator **Lautenberg**. Thank you, Mr. Stone.

Thank you, Mr. Chairman.

Senator **Inouye**. Thank you.

Senator Rudman.

Senator **Rudman**. Thank you, Mr. Chairman.

SAVING ASSOCIATED WITH END STRENGTH REDUCTIONS

Mr. Stone, there is something I really did not understand in your opening remarks, and maybe you can clear it up for me. I wish we had the Assistant Secretary for Manpower here as well, because I think probably the two of you can answer the question together.

You made a comment, in terms of your people, that you would be able to find places for the military and the civilian employees who wished transfers. That is what you said.

Now that may be consistent with what the report says, but the report points out that most of the $700 million savings are realized from a reduction of 12,889 military slots and 7,748 civilian jobs.

Now are you saying that you are going to do this through attrition at other places? Because it seems to me that unless the services come forward with recommendations of end strength reductions of 12,800-odd military and 7,700-odd civilians, we do not get the savings.

The whole exercise is an exercise in futility. Now are you going to come in with end strength reduction requirements or are you not? That is my question.

Mr. **Stone**. I would have to guess on what our new budget proposal is going to be, Senator Rudman. These reductions in personnel that the Commission estimated would not be available until the end of the implementation period.

Senator **Rudman**. Well, hold on a minute. Let us stop right there.

If you close base A, and base A closes at the end of 1991, those 800, 900, 1,200 people, we do not need them anymore.

Mr. **Stone**. That is right.

Senator **Rudman**. They will be gone, or if they are not gone, then we are not saving any money, are we?

Mr. **Stone**. In the instance you describe, we would have a savings as soon as those people are out.

Senator **Rudman**. Yes. But at the end of this period, all things being equal, we ought to have a reduction of 12,889 military end strength and 7,748 civilian added on to any new requirements we might take on in that intervening period, obviously. Is that not correct?

Mr. **Stone**. That is exactly correct. And the way you said it is the key. There are other requirements that happen in that intervening period. Separately, the Congress may decide to strength the Defense budget, or it may decide to reduce the Defense budget.

So this minus-20,000 that the Commission is describing may turn out to be added to a minus-80,000 because of budget pressures, or it may turn out to be added to a plus-20,000 due to a sense that we need to strengthen some of our forces.

Senator RUDMAN. The new math in this city always bewilders me. For instance, we have a Nuclear Weapons Treaty which we all enthusiastically endorse. The intermediate-range nuclear missiles in Europe, Pershings, and GLCM's, we are now told that rather than having less people as we pull those missiles out of there, we are going to need more people before we get them out of there. And, of course, I suspect we will always have more people; we will never have less.

So I am going to request that for the record the Assistant Secretary of Defense for Manpower specifically answer my question in great detail as to the implementation, structure and formulation of the reduction in end strength of military and civilians under this recommendation.

If you would please pass that on, we are going to submit that. That is nothing that you can answer. I understand that.

Mr. STONE. OK.

Senator RUDMAN. Although I generally favor this legislation, I would not favor it if we end up not saving the money. Then the people who argue that these bases have great community value as economic engines of those communities have a point. I have never thought it was a problem; I always thought military bases existed for military necessity.

But, if we are not going to reduce the people, then we are not going to save the money. The only savings here is money.

REAL ESTATE SALES

Now on your answer to Senator Lautenberg's question, I thought, missed one important point. Where do you figure in the amount of money that you take in from selling all of this real estate? Where is that figured in?

Or is that figured in someplace else?

Mr. STONE. In my statement I show it as a separate entry.

Senator RUDMAN. Where do you show it and how much?

Mr. STONE. The land value—our estimate is $1.4 billion.

Senator RUDMAN. Of all of these bases?

Mr. STONE. Yes.

Senator RUDMAN. Now, for instance, if the State of New Hampshire and the city of Portsmouth wish to join in the purchase of 400 acres of Pease Air Force Base, would they be purchasing that because they are government entities at something less than best and most marketable use or would they be purchasing it at full market value?

Mr. STONE. I am not familiar with that specific property, Senator Rudman, but as a general rule we will sell some of the property at full market value. We will give some of it away. We will sell some of it at a discount for market value.

Senator RUDMAN. But you certainly would not give away or discount any of that to nongovernmental units, would you?

Mr. STONE. I cannot think of a reason we would. Well, yes, we have done that in the past for educational institutions.

Senator **Rudman**. Well, you are talking about nonprofit institutions.

Mr. **Stone**. Some public use.

Senator **Rudman**. Yes, public use. So, if the city of Portsmouth wanted to buy this or the State of New Hampshire for use as an airport, industrial development, residential, or whatever, I daresay that there might be good precedent for their buying it at less than full market value?

Mr. **Stone**. There is precedent for that, and it is something I would expect that the Air Force and Office of Economic Adjustment would work with the State and local governments to work out.

Senator **Rudman**. There is an interesting anecdote about that, Mr. Stone. I now have a letter from the former officers of the Portsmouth, NH, Country Club, who had their country club taken by eminent domain in 1962 to build Pease Air Force Base. [Laughter.]

They were really offended because they thought that there would be nuclear weapons stored at their old country club in the Nation's defense or B-52's or F-111's.

Do you know what happened to the Portsmouth, NH, Country Club? It is still a country club, only the Air Force uses it. [Laughter.]

It never changed. So, they would like to buy it back in 1962 dollars for the same price that they sold it to you for. I would like you to answer that for the record also.

[The information follows:]

The Congress, by passage of the Base Closure and Realignment Act, Public Law 100-526, imposed many obligations on the Secretary of Defense with regard to property disposal. Prior to taking any disposal initiative, section 204(B)(2)(b) requires consultation with the State Governor and heads of local planning for the reutilization of the property. Other provisions in section 205 provide for payment of current fair market value of disposed property in order to gain purchase priority. Sale proceeds are to be deposited into the "Base closure" account established by section 207(A).

The former officers of the Portsmouth Country Club should contact the Pease Air Force Base Redevelopment Commission to establish whether their desires are consistent with planned reuse by local authorities. Consistent with congressional guidelines to produce payback savings within 6 years by utilizing proceeds from the "Base closure" account, it is expected that the Secretary of the Air Force, under delegated authority, will adopt a policy of seeking current market value in all actual sales of excess military property.

ENVIRONMENTAL IMPACT

Senator **Rudman**. Finally, a very serious question, not that the others are not, but the country club one is less than serious although the members there do not agree with that.

I am very concerned about the environmental impact of all of this, and so are the people there. Interestingly enough, we now have at Pease 18 known hazardous waste sites. It is not unexpected considering it has been used as a military base and the kind of things that go on there, all sorts of contamination of aquifers, chemicals of kinds used in their various specialized machine shops over the years. That is understandable.

But we need assurances, Mr. Stone, that all of that is going to be cleaned up at Government expense. My question is, No. 1, who is going to assess that? No. 2, is the EPA going to be involved in it? Three, what assurances do we have that all that money is going to be available?

Mr. STONE. Starting in the middle, I am sure the EPA will be involved in it. We think that it is our responsibility to clean up hazardous waste sites. Furthermore, before we can get rid of property, we must clean it up; we cannot sell our liability.

In many cases I would expect the environmental cleanup requirements to actually force a delay in the disposition of the property. We understand that. The money will have to come out of the moneys appropriated for defense. There is competition for those moneys, but cleanup is something that we rate as very, very important.

Senator RUDMAN. Will it be the Air Force's position in the case of Pease and DOD generally that you really are not in a position to transfer that property to private use until environmental concerns are, in fact, cleaned up according to EPA specifications?

I see your staff shaking their head. Am I right?

Mr. STONE. My lawyers tell me that not only is that right, but it is the law.

Senator RUDMAN. I thought so, but I wanted to make sure that you all agreed.

Now, obviously this does raise a very interesting issue. If the moneys were not available and Congress did not prioritize them in that way and you could not get them from the Superfund—and I just do not know what the legal aspects of that are, but I guess there might be problems—then you could have a situation where a very important military installation could essentially not be available for transfer to the local community and economic development because the environmental area was not cleaned up. Am I correct?

Mr. STONE. That is conceivable; yes.

Senator RUDMAN. Well, it is not only conceivable, but looking at the way we do environmental cleanup in this country, I will not say it is probable, but it is a concern.

Well, I have asked you a few questions for the record. I have a few others for the record.

I will tell you here as I have said in my own State, Pease Air Force Base is the only major military installation the State of New Hampshire has other than the naval shipyard, which is a different kind of operation. That is a true shipyard with mainly civilian employees.

Pease has been a Strategic Air Command base, and its military purpose I think we all have acknowledged the Commission is fairly correct on has probably gone by the boards. We understand that. I think many people do.

It is not easy to sit here and say that or to say it to my constituents, but it is true. You cannot have military facilities to support communities. That is not their purpose unless you want to go deeper in the hole.

However, having said that, there will be a lot of very angry people if we do not follow through with the things that the Commission has recommended that, in fact, saves the money.

So, I really want a fairly detailed answer in English, not Pentagonese, on what is going to happen with these end strength numbers because if they are not going to change—then I think you might get more resistance to the base closing than you might otherwise get.

I thank you, Mr. Chairman, for allowing me to take more than my allotted amount of time, but this is pretty much our entire military presence in New Hampshire.

We do have the Cold Regions Weather Lab up in Hanover, NH, but that is a very, very small installation. So I would like those questions answered within the time the chairman sets for answering the record.

I expect the Assistant Secretary of Defense for Manpower will have to do some of those things.

Thank you, Mr. Chairman.

Senator **Inouye**. Thank you.

Senator **DeConcini**.

Senator **DeConcini**. Mr. Chairman, thank you very much. I want to thank you once again, and also Senator Sasser, for conducting these hearings and exploring these matters further.

Mr. Secretary, I want to thank you. If you have any idea how noteworthy and readworthy this subject is to southern Arizona, we brought back seven people from the town of Sierra Vista who are here today.

It is of great significance to them, not only for the economic benefit of the town, but for the justification or lack of justification for the transfer of some of the units at Fort Huachuca.

Let me say along with Senator Rudman, I understand the need for this legislation. I voted for it. I understand that we may have over $5 billion savings, and over $700 million in annual savings by the time this is fully completed. If our national security is better served by this, I am prepared to support it.

I can appreciate the difficulty in my State. Davis-Monthan Air Force Base takes a hit. It loses some people, and this is an economic loss to the community, but it seems to me to be justified from what facts I can gather.

However, when it comes to transferring the ISC to Fort Devens from Fort Huachuca, I cannot reach the conclusion that it is justified.

I would like to pursue that a little bit with you if I could, Mr. Secretary.

I would like to start off with what I consider to be a very simple question and that is simply this: Did Fort Devens meet the Commission's requirement for the 6-year payback schedule as was set out in the law which created this Commission?

Mr. **Stone**. I do not understand exactly what you mean, Senator DeConcini.

SIX-YEAR PAYBACK

Senator **DeConcini**. Well, I understand that there is a requirement in the Commission report that the 6-year payback be considered—this is the period the United States would recover the upfront costs of moving a base or a unit or to keep a base open, then it should not fall into this category so that the payback occurred within 6 years.

Mr. STONE. You are talking about the realignment of information systems?

Senator DECONCINI. What I am concerned about is how Fort Devens was chosen and whether or not it meets the Commission's 6-year payback requirement.

Mr. STONE. But the Commission did not propose closing Fort Devens.

Senator DECONCINI. Well, what the Commission has recommended is to move ISC from Fort Huachuca to Fort Devens.

But, before we get to that question, one member of the Senate who appeared at the March 2, 1989, hearings asked a question of the Defense Secretary's Commission on Base Closing. Let me read the response to that particular Senator:

> This is in response to your question yesterday at the joint hearing of the Senate Appropriations Subcommittee on Defense and Military Construction in which you asked, "Since military value was the primary criteria for examining bases, we are assuming that no base was analyzed for a 6-year payback that met the Commission's standard for military value."
>
> Were there any bases not closed or realigned that met the 6-year payback?
>
> If so, how many bases were on that list and why were they not selected?

Which means selected for closure? That is my editorializing.

> Please include the list.

Well, on that list are some nine bases that did not meet it. Fort Devens is one of them.

FORT DEVENS

So, my question is if ISC was going to be moved, why would it have been moved to Fort Devens which is a base that did not meet the 6-year payback and is not justified to be left open?

Mr. STONE. My understanding is that the Commission thought Fort Devens should be left open.

Senator DECONCINI. Even though it did not meet the 6-year payback, and you agree with the letter from the Commission stating that it did not. I will give you a copy of the letter if you have not seen it.

Mr. STONE. I do not have the letter you are reading from, but my recollection was that the Commission was asked whether closure would meet the 6-year payback; that is, whether they could close Fort Devens and recover the costs in 6 years.

Senator DECONCINI. Yes; and they could not.

Mr. STONE. They could not. That meant that Fort Devens had to be kept open under the Commission's rules.

Senator DECONCINI. That is not my understanding.

As I understand from the Commission's realignment base closure report—and maybe we have to go over this because it is complicated indeed. One of the criteria states:

> The extent and timing of potential cost savings including whether the total cost savings realized from the closure or realignment of the base will by the end of the 6-year period beginning with the date of the completion of the closure or realignment of the base, exceed the amount expended to close or realign the base.

Now, the Commission says that Fort Devens along with eight others—I will let you look at the letter so that you can have a little better understanding of what I am trying to get to—does not meet that criteria. How could Fort Devens be a candidate for continued operations and thereby have the ISC move to it?

Mr. **Stone**. OK. This letter says these nine bases did meet the 6-year payback period.

That means if only the economics of closure was considered, all of these nine basis could have been closed, including Fort Devens.

Senator **DeConcini**. Right.

Mr. **Stone**. Now, the Commission concluded that all these nine bases, I believe, because of their military value should be kept open.

Senator **DeConcini**. Notwithstanding the first criteria?

Mr. **Stone**. Notwithstanding the economics that there was a value for Fort Devens which said it should be kept open.

Given that it was kept open, as I understand the Commission's work—and I have not grilled them on the Information Systems Command—but they said the military effectiveness of the Information Systems Command could be enhanced by consolidating at Fort Devens.

Senator **DeConcini**. At Fort Devens. That is what I want to get into next.

But my first question is to be sure I understand this. Do you agree that Fort Devens on the basis of a criteria, a 6-year payback, this alone does not justify it continuing. They had to find another reason; is that correct?

Mr. **Stone**. That is correct; that is my understanding.

Senator **DeConcini**. That is my understanding, too. Fort Huachuca, of course, did not fall into this category, so it obviously was not under that criteria to be closed. It met that 6-year payback and substantially more; is that correct?

Mr. **Stone**. As far as I know.

Senator **DeConcini**. As far as you know?

Mr. **Stone**. Well, in fact, the Commissioner has testified that these are the only bases——

Senator **DeConcini**. I believe that is right. I think they said that those are the only ones—I am not sure of this, but they listed those nine there.

FACILITY VISION STUDY, ISC

Now, in 1987 the ISC prepared a facilities vision study to determine which activities should be collocated to overcome the difficulties created by organizational dispersions.

The study estimated the cost of collocating the ISC at Fort Devens and moving the intelligence school to Fort Huachuca to be more than twice as much as collocating the ISC at Fort Huachuca.

The study also found that mission performance would be better if the command were collocated at Fort Huachuca.

Once again, your figures seem to be at odds with the Commission's and the Defense Department's. How do you explain the difference now in 1989, between the Commission base closure recommendations and the 1987 facilities vision study?

Mr. **Stone**. I can only attribute it to the independence of the Commission, Senator.

Senator DECONCINI. Well, given that the Commission acted independently——

Mr. STONE. And I do not mean to be facetious about that.

Senator DECONCINI. I understand, and I asked them about that. In essence the Commission told the Senator and the committee when he was there that, "We are out of business. We are gone. What is done is done."

I asked them well, what if you made a mistake? "It is not up to us to do anything about it. It is up to you."

And I said, "Well, what about the Defense Department?"

"Well, you have to ask them what if an effort was made."

It seems to me there may have been an error made in the judgment of savings on collocating the ISC at Fort Devens rather than collocating at Fort Huachuca. What I am asking is for you to take a look at this from that standpoint, unless you already have and can explain why the 1987 facilities vision study is not paramount and the determining factor here versus what the Base Closure Commission did.

Mr. STONE. I will certainly take a look at that, Senator. I am not sure that it will bear any fruit because if it looks to me like the 1987 study, in my opinion it is one way or the other it does not seem like it is material, but I would look at it.

Senator DECONCINI. Let us pursue that for a minute. Let us say hypothetically you look at that study and conclude that what I have said is accurate and it would cost more to collocate it at Fort Devens. Would that not affect how much money you would want appropriated? Would you not proceed with that move, even though the law is still passed and there is no resolution of disapproval?

Mr. STONE. As I understand the law, Senator—and we have gone through this with our lawyers and with Deputy Secretary Taft—now that the Secretary has approved these recommendations, the law requires us to proceed with them even if the Secretary of Defense or I or you disagree with one or more of them.

BASE CLOSURE/REALIGNMENT FUNDS

Senator DECONCINI. Well, what if you are not given the money to do that?

Mr. STONE. If we are not given the money, then we cannot do it.

Senator DECONCINI. Then you cannot do it.

Mr. STONE. That is correct.

Senator DECONCINI. So, the law goes into effect and says this is an authorization to proceed with these closings. The law goes into effect authorizing the closing of the basis and the changing—the collocating at different places. But if the money is not there, you cannot do it, is that not right?

Mr. STONE. If the money is not there, we cannot do it.

Now, there are moneys appropriated that are available for this purpose, and I suppose Congress could pass a law prohibiting us for spending those moneys for this purpose. That is always a possibility.

Senator DECONCINI. If in the future you and the Department of Defense discover that a realignment or closure costs more than you originally figured that it would or, if it does not prove sufficient savings to meet the 6-year payback rule and the justification such as the 1987 report, how would you address the situation? Do you just say we have to do it anyway even if it is going to cost more?

Mr. **Stone**. Well, that is a tough question because there are so many gradations. If it costs a tiny bit more and saves a tiny bit less, I would not think twice about it.

Senator **DeConcini**. I understand that.

Mr. **Stone**. If it costs a great deal more and saves a great deal less, I think we would be obligated to come to the Congress and say, this thing does not look right, and you ought to consider changing it.

Senator **DeConcini**. Thank you, Mr. Secretary, because that is exactly what I would like to ask you to do and not just look at it, but to respond to us in writing with our question on the 1987 report and the cost savings here because for the likes of me I cannot see the cost savings.

Where I look carefully at the Davis-Monthan realignment at movement of some units out of there, I could see the cost savings, the best that I could see as a layperson.

But here I cannot see them.

Senator **DeConcini**. And here on top of the 1987 facilities vision study it says it is just the other way.

Now, maybe the Commission or somebody has not been up front. Maybe the real decision here is that Fort Devens may be the only base in the Northeast, and we have to keep it there. We cannot have a tank range like they do at Fort Huachuca. We cannot test missiles there. We cannot fly F–18's or do something there because of the population, environment, and weather. So we have to find something to go there to justify keeping it open, and it is going to cost us money to do that.

But that is not what this Commission report was all about, nor is the justification there financially to do what the Commission and the Defense Department say they want to do.

If I am correct, it is going to cost you a lot more money, several hundred million dollars, to make this collocation at Fort Devens, and that is what I would like you to look at and respond to us in writing on if you would.

Mr. **Stone**. We will look at it.

[The information follows:]

The stated purpose of the 1987 Facility Vision Study was to identify command activities that should be collocated and to develop a cost analysis model for collocation. This was not the purpose of the Base Realignment and Closure Commission, which went far beyond the limited scope of the Facilities Vision Study. Because the Commission was required to analyze vast amounts of data about all installations, it was necessary to develop a cost model which could be used to capture the essential cost and savings applicable across the broad spectrum of installations being evaluated. Although the Commission cost model was not as detailed as the Facility Vision Study model, primarily because of the large number of installations to be evaluated, I believe the data from the Commission cost model is reasonable and is adequate to project the payback of the various realignment and closure actions. Also, the Commission examined Forts Huachuca, Meade, Devens, Belvoir, and Holabird together as one system because the opportunity existed to consolidate mission areas which were dispersed at these locations. The Facility Vision Study did not consider the cost and savings applicable to the additional realignment actions.

The Fort Devens alternative mentioned in the conclusion of the Facilities Vision Study was not the solution adopted by the Commission. The Facility Vision Study assumed the Information Systems Command would be collocated at Fort Devens without moving the Intelligence School to Fort Huachuca. The high costs associated with that alternative are a result of the large military construction required to support the Information Systems Command in new facilities at Fort Devens.

MILITARY EFFECTIVENESS RATIONALE

Mr. **Stone**. Let me just make one comment, Senator.

The Commission in its 100-page report made a number of recommendations to do things that they thought would improve military effectiveness independent of whether they saved money or not.

In my reading of the report on the Information Systems Command, it was that it was something that they thought would increase the effectiveness of this military organization. I will be happy to check when I go back, but it is not clear to me that they thought or said that it was going to save money.

Senator **DeConcini**. Well, it seems to me that this then goes to the 1987 facilities vision study at which you are going to take a look and respond. It, as I read it, clearly says that collocating is better at Fort Huachuca than it is at Fort Devins.

I am just bewildered at how the Defense Department can still support—and maybe they will change—the financial burden that is going to be involved in this, and it puts the burden on us now because I think there is a very, very good reason to proceed with the overall thrust of this legislation.

I think your figures are going to prove me right, that there is going to be saving here, but this one is not going to save. In fact, the study says the collocating ought to be the other way for effectiveness as well.

DOD'S REVIEW OF COMMISSION RECOMMENDATION

Now, according to information that I have, the Department of Defense did play a prominent role, contrary to what you responded to the chairman, in approving and recommending the Commission's findings.

It is my understanding that it took 3 or 4 days for the Department to review the Commission's recommendations; is this correct?

I get the feeling, Mr. Secretary, that you just handed over a little bit of material to the Commission, but is it not a fact that the Commission looked to the Department of Defense and to particular services for all the information they relied on?

Mr. **Stone**. The Commission got essentially all of its information from the military departments, Senator DeConcini. That is what I meant to say before.

Senator **DeConcini**. OK, I just wanted to be sure, because this is the source where they attempted or put this final study together, right?

Mr. **Stone**. Yes, the information they got on Fort Huachuca and Fort Devens, the vast majority of it came from the Department of the Army.

In fact, the only thing that did not come from the Department of Army were things that the Commissioners had picked up through their own experience.

Senator **DeConcini**. Now, given that case, when the Commission report was referred back to the Department of Defense, within a limited period of time, 3, 4, 5 days, or a week, it had to review the Commission's recommendations.

Is it not possible the situation that I am discussing with you today was not reviewed carefully to see whether or not it really made sense economically as well as strategically?

Mr. **Stone**. It is possible that the Commission reached a conclusion that is not called for, I suppose. Judging from the people who worked on the Commission, it is just hard for me to accept that they did that, but it does seem possible.

Senator **DeConcini**. Going a step further, when it came back to the Department of Defense for its certification and review process, with the short period of time that was given for this, is it possible that the Defense Department did not have enough time to review carefully that particular realignment?

Mr. **Stone**. My own review, Senator, consisted of reading the report and talking to some people who had worked on the staff, and judging that the package was sensible.

Senator **DeConcini**. Including the Fort Huachuca—Fort Devens realignment?

Mr. **Stone**. Yes.

The Department of Army also had just a few days to make that review. But they had been part of the process from the beginning, of feeding information to the Commission. They knew what the Commission's thinking was from time to time through the study.

So the Commission's recommendations were not a surprise to the Department of Army on December 29.

Senator **DeConcini**. Do you mean the recommendations were not a surprise regarding Fort Huachuca, to the Department of Army?

Mr. **Stone**. I believe that's correct.

Senator **DeConcini**. I wish you'd check that out and respond to me because I think the Army was surprised, based on the 1987 facilities vision study, which says:

> Fort Huachuca offers least colocation costs, even when the proposed USAICS intelligence school move is considered. No. 6, Fort Devens is most costly colocating alternative, looking at the same alternatives.

I wonder if the Army, in a 3- or 4-day period, had a chance to really zero in on this particular relocation?

That's what I'd like you to respond to me.

Mr. **Stone**. OK.

[The information follows:]

On 4 January 1989, the Secretary of the Army informed the Secretary of Defense that he had reviewed the report of the Base Realignment and Closure Commission and concluded that "the Army could continue to execute its mission and significant cost savings would accrue from implementation." However, this was not the first Army review of the Fort Huachuca-Fort Devens realignment.

On 14 November 1988 the Commission asked the Department of the Army to examine various alternatives to consolidate the Intelligence School at Fort Huachuca. The Department of the Army conducted an analysis of feasible alternatives and submitted these recommendations to the Commission on 27 November 1988. During their November 28–29 closed session the Commissioners discussed the issue in detail, which ultimately resulted in a request for additional information. The Army provided this additional information to the Commission on 6 December 1989. The Commission deliberated it at their next meeting and made the final decision on the realignment 14 December 1988.

ECONOMIC ASSISTANCE FUNDS

Senator **DeConcini**. Mr. Chairman, I'll be real quick. Just a couple of more questions.

How much money, Mr. Secretary, is available in the form of economic assistance to help the affected communities cope with the tremendous effect on their economies of a movement? Do you know?

Mr. **Stone**. We don't have an estimate on that, Senator.

In comparison with the construction and relocation costs, we'd expect it to be a small fraction of the total.

Senator **DeConcini**. Of the total $3 billion?

Mr. **Stone**. Oh, yes.

Senator **DeConcini**. Is there any way to determine that now, or do you wait until the applications are made or before you know what the requests are and what the needs are?

Mr. **Stone**. Our experience has been that the major economic adjustment assistance we can contribute is in the form of planning and business development studies, which tend to be very inexpensive, compared to the cost of constructing buildings.

Senator **DeConcini**. Now, is your office the office that I need to solicit to work with the Government of Sierra Vista, the surrounding community of Fort Huachuca, in bringing the appropriate personnel in touch with the community to make an assessment of what's available?

Mr. **Stone**. No, it is not.

Senator **DeConcini**. Who is that?

Mr. **Stone**. It's the Office of Economic Adjustment. The Director of it is Dr. Bob Rauner, and if you'd like, I'll have him or his representative call anyone you want.

Senator **DeConcini**. If you'd ask him to get hold of my office, Mr. Roemer or myself, I would appreciate it. I'd like to make that arrangement.

Lastly, Mr. Secretary, the other question I'd like to ask you to review, is whether or not the Commission considered the fact that a significant number of civilian employees refuse to move to Fort Devens, and in this analysis if the Department of Defense has analyzed it? Will they then be forced to hire and train employees from Fort Devens' work force at salaries much costlier than those at Fort Huachuca?

I really want to know whether or not that was in the equation at all, in either the review by the Army and the DOD of the Commission's findings.

Mr. **Stone**. OK; I'll try to find out.

Senator **DeConcini**. Thank you.

I do thank you, Mr. Secretary, for your patience in reviewing these matters. They are extremely important to this Senator and to my State.

As I said, we realized some losses in other bases that we would rather not see go. Tucson, AZ, is having an economic turndown. But, in my analysis, I could not refute the Commission's and the Department of Defense's certification to proceed with that move.

This one, at Fort Huachuca, troubles me a great deal.

Mr. Chairman, I have other questions and a little more detail to help the Secretary answer my major thrust here, which I will submit later.

I want to thank the chairman for letting me extend my remarks.

Senator INOUYE. Thank you.

Senator D'Amato.

Senator D'AMATO. Thank you, Mr. Chairman.

PREPARED STATEMENT

Mr. Chairman, I have a statement which I'd like to include in the record, as if read in its entirety.

Senator INOUYE. Without objection, so ordered.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Thank you, Mr. Chairman. I'm glad that the committee can have Mr. Stone and Mr. Hale with us today to continue with the subject of base closures. As demonstrated by the first hearing, this is a topic which commands a great deal of interest throughout the Nation among the organizations and individuals who are affected by the proposed changes.

The Commission has completed a difficult task of comparing existing facilities to projected needs. My primary concern is that the human element be kept in mind as we move ahead with the recommendations of the Commission. Their report presents the argument in support of the recommended closures based on economic assumptions and computer models. But in carrying out this effort, we must take steps to keep the burden from falling too heavily on our most valuable national defense resource, the men and women of the armed services, and on those in the private sector who provide goods and services to the military.

I look forward to hearing about implementation plans for these recommendations and how the inevitable dislocations will be handled.

Thank you, Mr. Chairman.

STAND ALONE FAMILY HOUSING

Senator D'AMATO. Mr. Chairman, I would like to raise with the Secretary just two points.

One concerns recommendations, Mr. Secretary, for the closing of stand-alone family housing installations.

Have you had much in the way of inquiry in that regard?

Would you like me to be a little more specific?

Mr. STONE. Well, we have had hundreds and hundreds of inquiries, Senator D'Amato. I'm not sure what to make of them.

Senator D'AMATO. Well, the problem is that where we have a family housing installation whether it's in New York or any other place, and the residents are given no information, in many cases, on alternative housing, they get somewhat upset when another branch of the Government, whether it be Coast Guard or someone else, comes in to take a look at the housing and says, "Oh, my, isn't this wonderful. This is perfectly beautiful housing and we'd like to take it."

Now, that is rather upsetting. It seems to me it doesn't make sense. It's counterproductive. It's robbing Peter to pay Paul.

Specifically, there is an installation in Manhattan, which is one of these, the Manhattan Beach Housing Installation. It's on the closure list.

Now, I understand that under the base closure procedure other governmental agencies would then be given the chance to take over housing being closed by the DOD. What I am suggesting here is that you have a situation where you have made a determination that you're going to close this housing in Manhattan Beach, but the Coast Guard is ready to jump on it.

So you have the Transportation Department of the Federal Government picking up the budget.

I'm just suggesting to you, particularly as it relates to housing, that you take a look at this. It doesn't really make too much sense to me to have people thrown out on the street or given very, very difficult assignments to find housing in metropolitan areas, and then to just turn that housing over to another branch of the Federal Government. It's a heck of a disruption.

Would you care to address that or would you look at that? I'm not asking you for specifics on that particular case. But I think somehow we ought to look at this.

Mr. STONE. I sure will look into it.

The intention of the Commission was for the Defense Department, and I think the Government, to get rid of these small housing areas. It was not, for example, for the Army to turn it over to the Coast Guard or for the Army to turn it over to the Navy, for that matter.

But we will look into that. My expectation is not that we would turn over any substantial part of these properties to other branches of the Federal Government.

Senator D'AMATO. I am wondering if you might take a look at this particular facility. I think, in light of the high cost of housing, indeed you may find that it is not one that has outlived its utilitarian value, and what might appear to be a high cost might not be high cost in relative terms in this region.

ALTERNATIVE USE OF MILITARY FACILITY

I understand, Mr. Secretary, that Senator Lautenberg addressed a number of questions in regard to Fort Dix to you.

I was once a resident of New Jersey, and probably the largest bulk of my family still lives there.

But it seems to me that he raised an issue related to Secretary Bennett and what facilities might be available for prison use for those who commit Federal or other crimes relating to drugs.

What kind of study, if any, have you done in regard to that?

Mr. STONE. This is not in my area of responsibility, Senator. But we have gotten a request from Mr. Bennett for use of some of our prisons, and we are working with him and with the Drug Enforcement Administration to see how the Defense Department can cooperate, whether it is by letting them use our prisons or letting them build confinement facilities on our properties, or turning over some of the base closure properties to them.

Senator D'AMATO. We've asked for that in legislation going back a year or so ago, when we had, prior to Secretary Carlucci, Secretary Weinberger.

I don't know if he ever gave us that information, Mr. Chairman, even though we legislated that. There's always been a real problem there.

It seems to me that the institution resisted that.

I'll make a statement here for the record that it seems to me while we talk about defense, our country is being savaged. We don't have enough facilities in which to put people who commit crimes, drug crimes in particular, whether it be in DC or whether it be in the city of New York, or the city of Newark, NJ, or in any of our large metropolitan areas. It's about time we woke up to the fact that some of these bases may afford us an opportunity to give some meaningful relief to State and local governments, and, indeed, to our own federal system.

I would hope that we could focus in on that and make a very real contribution to bringing domestic tranquility to our Nation, because we don't have it.

If I might, I'll give you an example.

Last year New York City arrested tens of thousands for drug violations and held a very small number for 24 hours or more.

What you have there is a revolving door. You'll find many of those arrests involve the same people over and over and over. If you check the District of Columbia records and the court dockets, you'll find the same thing.

So we don't have a deterrent. While yours is a different kind of battle, I would suggest that it might be rather appropriate that we center in on the use of our resources in an effective and efficient way.

Mr. STONE. A law was passed last year, Senator, that set up a governmental commission to look into use of properties related to the Base Closure Commission for, among other things, confinement of people arrested on drug offenses.

So we are doing that.

Senator D'AMATO. I'd be interested in seeing some of those studies.

[The information follows:]

A copy of the report submitted by the Secretary of Defense on January 29, 1987 to the Attorney General as required by the Anti-Drug Abuse Act of 1986 (P.L. 99-603) was provided to the Senator. Due to the length of this report it is not reproduced here.

Senator D'AMATO. I'd actually be interested, Mr. Stone—and I will stop with this, and I thank the Chairman for his indulgence—if you would attempt to provide us with any of the information that we requested—I think it goes back 1 or 2 years ago—as it relates to excess facilities that could be utilized for these purposes. Notwithstanding that this Commission has been set up, I know that we passed that law, and I don't recall ever having received a report from then-Secretary Weinberger.

Thank you.

Senator INOUYE. Thank you.

Senator Kasten.

Senator KASTEN. Mr. Chairman, thank you.

I have a couple of questions which I would like to submit for the record.

HAZARDOUS WASTE DISPOSAL SITES

I had a couple of specific questions that I was going to ask with regard to hazardous waste sites or hazardous waste disposal sites that may be on some of the bases that you may be disposing of.

My understanding is that Senator Rudman has at least asked some questions in this regard.

Mr. STONE. Yes.

Senator KASTEN. So I will not repeat those. But I am interested in the same set of issues.

We found ourselves in Wisconsin, in Eau Clair, over the last couple of years, with a factory that was on a site that was at one time, I think during World War II, a military base. They had disposed of some batteries and some other kinds of hazardous wastes. There was a question of liability.

We finally were able to go back and get the Army to pick up the liability and assist this company in cleaning up that particular part because, in fact, it was DOD hazardous waste that had been left there before. But it was not perceived then as being the problem that it is now.

It seems to me, with as many bases as you are going to be working with, you're going to have a lot of different kinds of spots which you are going to have to deal with somehow. In theory, at least, you should not be able to sell the land until the hazardous waste sites have been cleaned up.

I just look forward to your responses to Senator Rudman and this committee on this particular subject.

Mr. Chairman, I will submit the remainder of my questions for the record.

Senator INOUYE. Thank you.

Mr. Secretary, senior members of this Defense Subcommittee just made a 14-day trip to NATO. During that time, we met with all of the senior uniform officers, commanders in Europe, commanders in certain sectors. We also spent time with the civilian heads of government.

Among the matters discussed on our agenda were the following: base closures, overseas base closures; and, second, the matter of reduction in forces.

On the matter of base closures, I must say that I find the position of the Department of Defense a bit schizophrenic.

On one hand, we say that bases in the continental United States must be closed in order to save money. On the other hand, we say overseas bases must not be closed, cannot be closed, and must be maintained at all costs, even if officers tell us that the military purpose is no longer existent—because it may send a bad signal, or it may mean economic hardship for the neighboring countryside.

And so, we maintain these bases overseas.

Recently, at the insistence of the Government of Spain, we decided to close up a major air base, Torrejon, just outside Madrid. We are shipping out the 401st Tactical Air Wing all the way to the boot of Italy, in a rather isolated area.

The cost of relocating Torrejon is going to be at least $500 million.

We figure that it might cost more than the annual savings the closure of 86 bases will mean to us.

Now, reductions in forces is being very seriously discussed in the Congress, as you know, especially in NATO. And, understandably, some of our friends abroad are getting a little jittery and impatient with our presence there. After all, the war has been over for 40 years or so.

I would suppose that if we had a very friendly force, a division, parked on the other side of the Potomac for over 40 years, we'd get a little concerned. We might get impatient.

So, I think the planners overseas and DOD planners are anticipating some sort of move in the Congress, the move meaning return of forces.

What would happen to bases that are now destined for closure as you find that because of the return of troops you need the base? Do you need special legislation to revive that base?

Mr. **Stone**. I guess one thing that the Commission considered was in realigning Fort Dix and moving the training operations out. They recommended that the installation be preserved in a condition that could host returning troops from overseas.

So, that is a substantial installation that could accept forces from overseas.

Beyond that, I believe that most of the talk about returning forces is talk about saving money in the defense budget, reducing defense costs, and the proposals that I have heard are mostly returning and inactivating forces. If we did that, of course, we would not need additional places to put them because we would not keep them in the Active Forces.

But Fort Dix could take some forces from overseas. Beyond that, we'd just have to judge on the individual case.

Senator **Inouye**. Well, we also have the Air Force. One of the problems we are faced with overseas is the matter of low flying.

I suppose the residents get a little annoyed if planes fly over them while under 250 feet above their heads. They are insisting on something like 500 or 1,000 feet. As part of real training, the pilots would like to get down as low as possible.

I would assume that when the ministers meet to decide on this question, our position will not prevail. I don't think we can insist that our pilots be permitted to fly at a level 250 feet above.

This would mean that our air wings would have to be either relocated or, at some extra costs, go elsewhere for training, which may not be adequate.

What happens to those bases that we may need for training purposes?

Mr. **Stone**. Well, if we bring substantial numbers of forces back from overseas, Senator, we need some place to put them.

In the case of air forces, we might put some of the units into the Reserve components, the National Guard, or the Air Force Reserve, which would probably mean small numbers of airplanes at a number of bases near population centers.

We might use returning aircraft to bring wings in the United States up to full strength. Say we have some squadrons with, for example, 18 aircraft that, on paper, are supposed to have 24. We might use some returning planes to flesh out these squadrons.

Or, we might bring back major units that we'd want to deploy as major units at existing bases, in which case we'd have to build facilities for them.

Senator INOUYE. I don't want this to be misinterpreted. I'm not recommending or urging a reduction in forces or the relocation of troops from overseas to the continental United States, but I am certain DOD is well aware that this is a major item of debate that has been going on in the Congress, and it is not a partisan debate. You hear it in both cloakrooms.

My question is, Do you have a contingency plan, or is this just catch-as-can and we'll do what we can if it happens?

Mr. STONE. There is no contingency plan that I am familiar with, Senator.

Senator INOUYE. That surprises me, because you have contingency plans for everything else.

Mr. STONE. The Office of the Secretary of Defense is not the major keeper of that kind of contingency plan.

Senator INOUYE. Who should we ask?

Mr. STONE. I think the person to ask is the Secretary, and that gets into the right place.

Senator INOUYE. I have many other questions, but I will submit them, if I may, Mr. Secretary.

Senator Stevens, as you know, has questions to submit.

Senator Rudman had a few others, as did Senator DeConcini, and Senator Grassley has a whole batch of them. Also there are questions from Senator Bumpers and Senator D'Amato.

I have just one question which is a matter of curiosity.

If a place like Huachuca is to be realigned and civilian personnel will have to be laid off, do those men and women receive severance pay?

Mr. STONE. Yes; they would. We would hope to offer them all jobs.

Senator INOUYE. Well, let's say you can't get a job or the person in Huachuca says, I don't want to go out to the cold country. My son has asthma or something like that.

SEVERANCE PAY

What do you do? Do you give that person 3 years' pay or severance, or something like that?

Mr. STONE. We do have severance pay, Mr. Chairman. I don't know what the numbers are, but depending on the length of service, it's so many hours pay for so many hours worked.

Senator INOUYE. Oh, that's standard? I wasn't aware of that.

Mr. STONE. Yes.

I'll be happy to give you a little information paper on our program, if you would like.

Senator INOUYE. While checking up on the Torrejon situation, I was surprised to learn that all the Spaniard employees there will be receiving severance pay. And, in a few weeks, the Spanish Air Force will take over Torrejon, and it will become a Spanish air base, and most of those people will be rehired again.

That's pretty good, isn't it?

Mr. STONE. It is pretty good; yes. [Laughter.]

I just read in the newspapers a couple of days ago that the DuPont Co. turned over operation of the tritium plants in South Carolina to Westinghouse, and DuPont paid severance pay to all its people, even though almost all of them will go to work for Westinghouse.

So it's not an unheard of thing to do.

Senator **Inouye**. Will you provide this committee with a report on the severance pay? I wasn't aware of that.

Mr. **Stone**. We sure will.

Senator **Inouye**. I had assumed that it would depend upon negotiation or union contracts, or something like that.

Mr. **Stone**. We will provide you with information on it, Senator.

[The information follows:]

I'll be happy to give you a little information paper on our program.

The paper, titled, "Rights and Benefits of Civilian Employees Affected by Base Closures, Reductions and Consolidations" was provided to the Senator. Due to its length, it is not reproduced here.

Senator **Inouye**. Mr. Secretary, once again, I appreciate your willingness to return to discuss these matters with the subcommittee. As you have heard, it's a matter of grave concern to everyone.

I supported the measure and I will continue to support it. In a rather parochial way, I must say that the State of Hawaii, if anything, benefits from this, so I am in no position to complain. And I'm not complaining.

But I think the concerns expressed by members of this committee are real and are worthy of serious consideration.

It would help if you could provide members with the answers to requests, because then they can explain it to their constituents, as to the rationale for these recommendations.

As you know, the Commission has folded its tent. The people have folded their briefcases and the job is now yours. It's not an easy one. I don't envy you. But I hope you can help us.

Mr. **Stone**. We take the concerns of the members of the committee and the members of the public very seriously, Senator. We spend a lot of time dealing with them and answering their questions. We will certain give an honest shot to the questions that the members of this committee have asked today.

Senator **Inouye**. Just to give some of the folks here a taste of your headaches, how many inquiries or letters do you get a week?

Mr. **Stone**. We just reported to the Secretary of Defense on that. Doug, how many letters have we answered so far?

Mr. **Hansen**. Oh, 100 from Members of Congress, not counting questions for the record.

Mr. **Stone**. That is 100 from the Members of Congress and several hundred, maybe 1,000, from members of the public. We have not answered them all yet, but we're trying to.

We get an occasional anonymous one that we don't have to answer.

Senator **Inouye**. I feel for you.

I was chairman of the Iran-Contra Committee, and I still have letters I have not answered yet. [Laughter.]

It's an ongoing process.

Mr. **Stone**. Send them over to us and maybe we can answer them for you. [Laughter.]

Senator Inouye. Once again, I thank you very much. You have been extremely helpful.

Thank you, sir.

Mr. Stone. Thank you, Mr. Chairman.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF ROBERT HALE, ASSISTANT DIRECTOR, NATIONAL SECURITY

ACCOMPANIED BY WAYNE GLASS, PRINCIPAL ANALYST, NATIONAL SECURITY

INTRODUCTION OF WITNESS

Senator INOUYE. Our next witness is Mr. Robert Hale of the Congressional Budget Office. He is the Assistant Director for National Security.

Mr. Hale will be accompanied by Dr. Wayne Glass, the principal author of the recent CBO study on base closures.

Last autumn, the Defense and Military Construction Subcommittees requested that the CBO review savings from past base closures and realignments.

Dr. Glass performed this analysis under the direction of Mr. Hale. This study uncovered a great deal of interesting data and has raised significant issues on past base closures.

Our witnesses, as a result, have become among the foremost authorities on this issue.

Mr. Hale, we are very pleased to have you with us. Your complete statement will be made a part of the record. If you wish to summarize, you may do so.

Mr. HALE. I will do so. Thank you for the chance to testify.

SUMMARY OF STATEMENT

CBO has looked at the costs and savings associated with the closure of nine major bases in the 1970's, and I will first give you some idea of what we found, and then will try to tell you what we think it means in relation to the Commission's estimates. I will also discuss a couple of issues that arose out of our analysis. My testimony does not address the advantages and disadvantages of the current proposal or any particular base, but, rather, it looks at the issue more broadly. Let me turn first to the history of costs and savings.

HISTORY OF COSTS AND SAVINGS

Hundreds of military installations closed in the 1970's. Unfortunately, the data, which we needed to make a comprehensive analysis of costs and savings that were achieved, either no longer exist or could not be found. I will come back repeatedly to this problem of the lack of historical data.

Enough data were available, however, for us to make a general assessment of the costs for at least these nine major bases. First, we looked at the recurring annual savings—the savings to be realized from avoiding costs of lights, heat, administration, and so forth. They varied widely, but they averaged $12.7 million per base, under the assumptions associated with a lower estimate, and up to $22.9 million per base under a higher estimate. All of these numbers are in 1989 dollars.

The lower estimate of $12.7 million assumes, among other things, that only civilian administrative personnel were no longer needed at the base and so were terminated. Administrative personnel include gate guards, janitors, and so forth. The higher estimate assumes that all the civilian personnel at the base were no longer needed, and, therefore, represented savings to the Government.

The wide range of these estimates—and I have discussed them more fully in my prepared statement—reflects uncertainty about what actually happened to civilian personnel on the bases we closed in the 1970's, as well as uncertainty about other factors. Unfortunately, we just cannot fully resolve these issues with the data that is available.

CONSTRUCTION COSTS

Closing and realigning bases also involves one-time costs. You are well aware of them. The biggest cost is for military construction, but there is also impact assistance or economic assistance, which we heard a lot about earlier. There are one-time savings, of course, from sales of property and assets. We were not able to obtain historical data on how much we spent for military construction costs at receiving bases for facilities closed in the 1970's, but it is probably the largest single cost.

Excluding these construction costs, however, we found that one-time costs exceeded one-time savings. Net one-time costs averaged $6.7 million per base for these nine major bases. But, again, that figure is certainly low, because we did not have the military construction costs.

COMMISSION ESTIMATES

Let me now turn from this historical information to what the information tells you about the estimates you have before you now.

In some respects, the Commission estimates are consistent with past history. For example, for the 30 major bases in their package that will eventually yield significant savings, the Commission estimated annual recurring savings averaging $23 million a base. That matched the upper end of our historical range.

The Commission also estimated that payback of one-time costs would usually occur within a few years, and always within the 6 years required by their charter. For the nine bases we analyzed, payback of those one-time costs for which we had data—and again, we are missing military construction data—also occurred rapidly, usually within less than a year.

Other comparisons with history suggest, however, the Commission's estimates might be optimistic. Their average savings were near the upper end of our range, but were twice the lower end of our range, which I think is based on conservative, but reasonable, assumptions. This bears on an issue that came up earlier today.

The Commission also assumes the Government will receive fair market value for the sale of the property and assets that they propose closing. Yet, at 33 bases closed during the 1970's for which revenue or sales data were available, what DOD got for the bases approximated 35 percent of what GSA estimated was the total value of the property. Sometimes at least, DOD gave the bases away or sold them at a good deal less, apparently, than the fair market value.

In sum, the limited historical data from the 1970's suggest that while Commission estimates are probably on the optimistic side, they are usually within the range of history.

FEDERAL IMPACT ASSISTANCE

Our research uncovered two other issues that I would like to mention briefly today. The first is that, in calculating its estimates of one-time costs and savings, the Commission elected not to consider several elements of cost. For example, they did not include costs for Federal impact assistance, even though they acknowledged the need for those costs. Data for the nine bases CBO analyzed indicate that such costs were relatively minor, as Mr. Stone said, but they did average about $9.7 million per base, and they approximated what DOD got out of selling the property and assets at the base. Thus, since the Commission included revenues from sales, it may well be fair that they include at least a projection of potential impact assistance. Doing so could affect the timing of savings because impact assistance must usually be paid well before the sales revenues from the base are received.

IMPACT OF SAVINGS ON DEFICIT

The second issue I want to mention regards how savings from base closures will affect the deficit.

As you know, most of the deficit reductions come from personnel savings. But personnel reductions reduce the deficit only to the extent that personnel are taken off the payroll. We have heard this discussion from Senator Rudman and others today. If personnel freed by base closures take jobs at another base or if they are used to meet needs that would otherwise have been unfilled, then savings do not amount to anything.

I think the point is obvious. But it is difficult to ascertain from the historical data how personnel at closed facilities were treated: how many people actually took other DOD jobs, or say, were used to beef up capability, and how many of those whose jobs were eliminated actually resulted in savings.

So you ought to realize that, even if you approve the Commission's package of closures, whether there are savings or not will depend on decisions you make over the next several years. Moreover, if you are ever going to know whether savings result, you are probably going to have to require some closer monitoring than appears to have occurred in the 1970's.

You might, for example, want to ask for some specific data in connection with this Base Closure Account Report that you already are going to receive. Several types of data would help you know whether savings were really achieved.

In summary then, where CBO could make comparisons, we found the Commission's estimates of savings were usually within the historical range, though on the optimistic side. There are also issues of whether the Commission ought to include certain types of one-time costs.

As I have noted repeatedly, there is a lack of historical data. We could not tell about military construction costs or what actually happened to the civilians who were associated with closures in the 1970's. Consequently, if you approve this package, you may well want to mandate some closer monitoring.

That concludes my statement, Mr. Chairman. Dr. Glass and I would be glad to answer any questions that you have.

[The statement follows:]

STATEMENT OF ROBERT F. HALE

Chairman Inouye, Chairman Sasser, and Members of the Committee, I appreciate the opportunity to testify before you this afternoon on the Congressional Budget Office's (CBO's) analysis of the costs and savings of past military base closures and realignments. I hope that our work on this important subject will help this Committee and the Congress as they review the plans of the Department of Defense (DoD) to close and realign military bases.

The Commission on Base Realignment and Closure has estimated that their recommended actions will eventually save $693.6 million annually in base operating costs. After deducting the one-time costs associated with closing bases, the commission estimates that the net present value of savings will total $5.6 billion over the next 20 years.

To provide a perspective on these projected savings, CBO has estimated the costs and savings associated with selected base closings and realignments that occurred during the 1970s. We focused on nine bases for which some historical data were available and used the data to estimate both the recurring annual savings and the one-time net costs involved with base closings and realignment. The commission's estimates of savings fell at the upper end of the range suggested by our data. Unfortunately, missing historical data and differences in definitions make comparisons of one-time costs and savings unclear.

My testimony also discusses three potential issues raised by our analysis that relate directly to the commission's recommendations. These issues include the effect of base closings and realignments on the budget deficit, the problem of defining one-time costs and savings, and the method of specifying the payback period.

My testimony does not assess the advantages and disadvantages of the currently proposed package of base closings and realignments. Nor will I assess the commission's cost estimates, though the historical costs in this statement may provide helpful background. CBO is examining the data that support the commission's cost estimates, and any future cost estimate that we prepare will reflect this analysis.

BACKGROUND: BASE CLOSINGS DURING THE 1980s

No major military bases have been closed during the 1980s. This lack of closings has been attributed to a variety of factors, including:

- Legal impediments that both prohibit and delay base closings;
- Lack of financial incentives to the Department of Defense to reduce the number of bases; and
- Expansion of military forces in the early 1980s.

Legal Impediments

In recent testimony to the House Armed Services Committee, former Secretary of Defense Frank Carlucci cited legislation that either prohibits specific base closings or delays such closings indefinitely as a major obstacle to reducing the number of bases. Secretary Carlucci noted that certain provisions in various DoD authorization and appropriations acts prevented the services from closing specific bases, including Fort Douglas, Utah; Whiting Field, Florida; and Mather Air Force Base, California. He also identified the National Environmental Policy Act (NEPA) as an example of legislation used by opponents of closure to delay it. This act mandates a time-consuming process of environmental and local impact studies, public hearings, and appeals before closings can occur. Efforts to close Loring and Richards-Gebauer Air Force Bases during the 1970s, for instance, foundered when NEPA's provisions were applied.

Lack of Financial Incentives

The lack of financial incentives to DoD has been a major long-term impediment to closing bases. Since 1949, the provisions of the Federal Property and Administrative Services Act (FPASA) have prohibited DoD from benefiting financially from the disposal of defense properties. On the other hand, DoD must assume the near-term costs of closing or realigning bases. This failure to provide balanced incentives for DoD discourages it from seeking the most efficient number of bases.

Expansion of the Military Force Structure

During the early 1980s, military forces expanded significantly; for example, the number of active Army divisions increased from 16 to 18 and that of Air Force fighter squadrons from 74 to 79. Since the size of the support structure for bases generally corresponds to the size of the force structure, there was no apparent need to close bases in view of the expanding force structure.

Since 1985, however, the environment for closing military bases has changed significantly. DoD does not currently anticipate any further expansion of its forces. As a result, the need to maintain or expand the number of bases is lessened. Moreover, the Base Closure and Realignment Act of 1988 contains provisions that remove some of the legal impediments to closing bases; these provisions also provide important new financial incentives to DoD to close excess bases and achieve a more efficient number of bases. For example, the act allows the closure process to begin before the environmental requirements of NEPA have been met. It also requires that revenues from the sales of facilities be placed in a fund that can be used to offset the costs of closing bases.

BASE CLOSINGS DURING THE 1970s

In contrast to the 1980s, hundreds of defense installations were closed or realigned during the 1970s. Many of these reductions corresponded with the winding down of U.S. involvement in Vietnam. Other reductions promised savings by realigning operational units. Whether any savings were actually realized, however, is not known, since DoD did not subsequently conduct an analysis to assess the costs and savings of these base closures and realignments.

Unfortunately, the data necessary for CBO to conduct a comprehensive analysis of costs and savings of past closures and realignments either no longer exist or were unavailable to us. Enough data were available, however, so that we could make a general assessment of the costs and benefits associated with closing nine major bases in the 1970s. Data were sufficient for these bases so that we could estimate both recurring annual savings and one-time costs and savings. We were then able to use these two measures to determine the payback period--that is, the length of time needed to recapture the initial outlays.

Recurring Annual Savings

Base closures and realignments usually result in some recurring annual savings. These savings include the salaries of those military and civilian personnel no longer required as a result of closing or realigning a base; they also include reductions in base operations and support (BOS) costs--for lights, heat, administration, and other non-pay costs of maintaining a base. For the nine major base closings in CBO's study, savings varied widely depending on the size of the base and the degree to which missions on the base to be closed were transferred to other bases. Recurring annual savings at the nine bases averaged $12.7 million annually under the assumptions for a low estimate, $15.6 million for the medium estimate, and $22.9 million for the high estimate (see Table 1).

The upper end of this range is consistent with the average savings of $23.1 million per base estimated by the Commission on Base Realignment and Closure for the bases it recommended be closed or realigned.[1] This average is based on data from the 30 bases which, if closed, would eventually yield significant operating savings.

Military Personnel Savings. The services were not able to provide data on the actual reductions in the number of military personnel that resulted from closing the nine bases. CBO, therefore, estimated the savings for military personnel salaries on the basis of several assumptions.

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[1] Base Realignments and Closures Department of Defense, Report of the Defense Secretary's Commission on Base Realignment and Closure (December 1988).

TABLE 1. RECURRING ANNUAL SAVINGS (In millions of 1989 dollars)

Base	Low Estimate	Medium Estimate	High Estimate
Craig AFB	10.3	11.1	18.0
Forbes AFB	15.5	16.7	18.8
Fort MacArthur	7.9	9.4	19.7
Frankford Arsenal	15.3	24.3	51.5
Kincheloe AFB	14.8	18.0	22.2
Richards-Gebauer AFB	16.0	26.1	32.3
Rickenbacker AFB	6.6	6.6	6.9
Webb AFB	11.8	12.3	20.1
Westover AFB	15.6	16.1	16.3
Total	113.9	140.6	205.8
Average per Base	12.7	15.6	22.9

SOURCE: Congressional Budget Office based on Department of Defense data.

NOTE: Savings in the table include those for military and civilian personnel salaries and related base operation and support costs.

CBO did have data on the total number of military personnel at each of the bases and on the current fraction of military personnel employed in base operations and support, which was about 11.4 percent. We then assumed that this same fraction of military personnel was involved in base operations and support at these nine bases. We further assumed that all personnel billets involved in base operations and support could be eliminated--that is, that none was needed to expand operations at those bases that absorbed missions from the nine closed facilities. The estimated savings from salaries of military personnel also rest on the assumption that BOS functions at the nine bases required the same average skill levels as BOS functions in today's military. Finally, we estimated the non-pay BOS costs associated with maintaining military personnel at a base by assuming that closing the base would result in savings of $1,725 for each military person at the base--the average current factor for these non-pay costs.

Civilian Personnel Savings. CBO estimated a range of savings for civilian personnel. It calculated the low estimate of savings for civilian personnel by using the same methodology applied to military personnel; that is, civilian costs saved at each base equal the total civilian payroll at the base times the fraction (29.7 percent) of civilians currently involved in base operations. Savings for civilians included in the medium estimate are based on historical data that identify the proportion of civilians at the nine bases--about 50 percent--who did not find other employment within DoD or the federal government. Finally, savings for civilians in the high estimate were set to equal the total civilian payroll at the base. As with military personnel the non-pay BOS costs associated with maintaining civilians at a base were estimated to average about $1,725 per civilian employed at each of the closed bases.

This wide range of assumptions about savings associated with civilian personnel reflects uncertainty about what actually happened to civilians at bases closed in the 1970s. Did most of the civilians leave government service, or did they take jobs that would otherwise have been filled by other people seeking work, as the high savings assume they did? Or did most of them remain on the payroll and move to those bases that absorbed the military missions previously performed on the closed bases--a premise that would be more consistent with the low end of the range? Unfortunately, the available data do not provide a clear answer.

Time Required for Closure. Annual savings were not fully realized until the bases in the 1970s were fully closed. How long did that take? Data on the 33 major bases closed in the 1970s showed that it required an average of 4.2 years from the time the closing of the base was announced until all land was transferred from DoD control. There were, however, a wide range of delays. Most bases were closed within one or two years, but a few closures--such as Frankford Arsenal and the Truman Annex--required more than 10 years to complete.

One-Time Costs and Savings

Closing and realigning bases may involve significant initial, one-time costs that could affect a decision of whether or not to close a base. For example, if one-time costs are so large that they could not be offset by recurring savings for many years, it might be inadvisable on economic grounds to close a base.

Costs. One-time costs include expenditures to relocate personnel and equipment, provide impact assistance to individuals and communities, and conduct environmental cleanup. In some cases, the initial costs of closing a base could include construction costs at a receiving base if it becomes necessary to accommodate personnel and equipment being transferred. In the case of the nine bases studied, the services were unable to provide data on the costs of transferring equipment or of additional military construction that may have been required.

Data were available, however, on the costs of relocating personnel and the costs of federal impact assistance. CBO estimated relocation costs based on current average costs for a permanent change of station (PCS) applied to the estimated number of military and civilians relocated as a result of closure or realignment. For the military, these costs were based on the number of military personnel minus those estimated to be assigned to base operations and support functions. They include an adjustment to compensate for normal PCS rotations that would have occurred if the bases had not been closed. For civilians, PCS costs were based on the actual number of people assigned to other DoD or federal government positions outside their commuting area at the time of closure or realignment.

Savings. The one-time costs of closing a base can be partially offset by revenues obtained through the sale of property and assets. In the past, the General Services Administration (GSA) has managed the sale of excess DoD properties--an arrangement that has, in some cases, involved extended periods of time before sales are completed and revenues are received. Under the provisions of the Base Closure and Realignment Act, DoD is now authorized to manage the sale and disposal of its excess properties, and must deposit revenues received into a special account to be used to offset the initial costs of base closings and realignments. Whether or not this new arrangement will affect the extent and timing of the disposal of Department of Defense properties is not clear.

Net Costs. CBO calculated net initial costs of closings or realignment as the difference between one-time revenues from the sale of property and assets, and one-time costs of federal impact assistance plus relocation costs for military and civilian personnel (see Table 2). For the nine bases studied, the total revenue from sales approximately equaled the total amount of federal impact assistance. As a result, net initial costs were largely those of relocating personnel. These initial, one-time costs for the nine bases averaged about $6.7 million. This figure should be considered a low estimate, since it does not include costs of relocating equipment or additional construction.

It is interesting to note that revenues from the sales of property at the closed bases were only a fraction of the total value of the bases. At the 33 bases for which data were available, revenues from sales accounted for 35 percent of the total value of property sold or transferred. Apparently, many bases were given away or sold at a fraction of their value--perhaps to assist local communities whose economies were affected by closing the bases.

TABLE 2. ONE-TIME COSTS AND SAVINGS FROM NINE BASE CLOSINGS (In millions of 1989 dollars)

	Savings	Costs		
Base	Sales of Property and Assets	Federal Impact Assistance	Relocating Personnel	Net Costs
Craig AFB	6.8	12.1	5.4	10.7
Forbes AFB	15.3	9.1	7.4	1.2
Fort MacArthur	5.1	0.9	4.6	0.4
Frankford Arsenal	3.7	27.8	10.0	34.1
Kincheloe AFB	6.9	19.9	7.4	20.4
Richards-Gebauer AFB	13.4	1.1	8.7	-3.6
Rickenbacker AFB	9.9	0.2	3.0	-6.7
Webb AFB	6.4	7.1	6.1	6.8
Westover AFB	14.8	4.7	7.2	-2.9
Total	82.3	82.9	59.8	60.4
Average per Base	9.1	9.2	6.6	6.7

SOURCE: Congressional Budget Office based on Department of Defense and General Services Administration data.

Moreover, the speed with which one-time costs were incurred, and one-time savings were realized, varied widely. For example, more than 70 percent of federal impact assistance was provided within two years of the time the closing of the base began, while less than 1 percent of revenues from sales were received during that same time period.

Comparisons between these historical data on one-time costs and the commission's estimates are less clear than those for recurring savings because the two sets of estimates include different categories of costs. The commission estimated that net one-time costs would average about $54 million per base for the 24 bases that had significant costs or savings. These one-time costs are much higher than the roughly $7 million in one-time costs for the nine bases closed in the 1970s. Much of the difference is explained by the commission's inclusion of costs for military construction and moving equipment, for which historical data were unavailable. Excluding costs of construction, the commission estimated net one-time saving of about $15 million per base compared with one-time costs of $7 million per base for the bases closed in the 1970s. Part of this difference is explained by the commission's exclusion of costs of federal impact assistance. The commission argued that these costs were minimal, even though in the historical data the costs of impact assistance roughly equaled the revenues gained from sales of land. The commission's estimates of one-time costs and savings also exclude costs of hazardous waste cleanup, which the commission felt represented liabilities already incurred.

TABLE 3. THE NUMBER OF YEARS IT TOOK TO RECOVER ONE-TIME COSTS ON NINE BASES

Base	Assume Low Savings	Assume Medium Savings	Assume High Savings
Craig AFB	2	1	1
Forbes AFB	1	1	1
Fort MacArthur	1	1	1
Frankford Arsenal	3	2	1
Kincheloe AFB	2	2	1
Richards-Gebauer AFB	1	1	1
Rickenbacker AFB	1	1	1
Webb AFB	1	1	1
Westover AFB	1	1	1

SOURCE: Congressional Budget Office.

The Payback Period

The commission allows a six-year time frame for recapturing the initial net costs of closing or realigning a base. Specifically, the commission's charter directs its members to recommend bases for closure or realignment when "total cost savings . . . will, by the end of the six-year period beginning with the date of the completion of the closure or realignment of the base, exceed the amount expended to close or realign the base."[2] This payback period can be estimated by using the one-time net cost figures in Table 2 and the recurring savings figures in Table 1. Table 3 shows the estimated payback periods for the nine bases according to the various assumptions concerning recurring savings. Even if one assumes the lowest estimate of recurring annual savings, one-time costs were paid back within an average of less than two years, well within the six-year limit specified in the commission's charter. Of course, the one-time costs used on this calculation exclude the costs of military construction and so understate the payback period.

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[2] Secretary of Defense, letter of May 3, 1988, to the Commission on Base Realignment and Closure.

ISSUES RAISED BY THE HISTORICAL COSTS

In reviewing the commission's recommendations, the Congress should consider a number of issues raised by this research on the costs of past base closings and realignments.

How Will Savings Affect the Deficit?

Most savings from base closings and realignments stem from reduced personnel costs. But personnel reductions will reduce the federal budget deficit only to the extent that personnel at affected bases are eliminated from the federal work force or take jobs that would otherwise have been filled with new employees. If, for example, jobs at one base are transferred to another base, then no deficit reduction would occur. While this point is obvious, the historical data suggest that it is difficult to ascertain exactly how many personnel at closed facilities leave the work force or take jobs that would otherwise have been filled by new employees.

Thus, the Congress should realize that, even if the proposed package of base closures and realignments is approved in the next few months, decisions about levels of defense personnel and other factors that will be made over the next several years will actually determine the extent of deficit reduction. These decisions will have to be monitored if the Congress is to know whether base closures and realignments reduce the federal deficit. The Congress could, for example, require that DoD submit data each year as part of the report already required in connection with the Base Closure Account. Among other information, that data should include estimates of the military and civilian positions eliminated because of base closures and realignments. The data should also indicate the whereabouts of personnel whose positions were eliminated by closures and realignments--did they leave the federal workforce, fill vacancies in existing federal positions, or fill newly created positions?

Defining One-Time Costs and Savings

When the commission calculated its estimates of one-time costs and savings, it elected not to consider several elements of costs. The costs of environmental cleanup, for example, are not included because the commission assumed that DoD will eventually have to bear the costs whether or not the base is closed. On the other hand, at current levels of funding, it will be many years before all DoD bases are cleaned up. If cleanup efforts are accelerated as a result of closing bases, some people might consider these costs to be a result of the decision to close a base.

In addition, the commission does not address the costs of federal impact assistance, assuming that they would be negligible. Data for the nine bases analyzed in this report indicate that such costs are in fact relatively minor, but on average they approximated revenues from sales. If the commission projects revenues from sales as part of the savings to be gained, then it might be appropriate to project the costs of potential impact assistance. Including impact assistance could also significantly affect the timing of costs and savings, since historically federal impact assistance was required before revenues were received from sales.

Defining the Payback Period

The commission's charter--but not that of the legislation establishing the commission--states that the payback should be within six years of the "date of the completion of the closure or realignment of the base." It did not, however, define the "date of completion" more precisely. In our nine-base study, CBO defined the completion of a base closing as the date on which land was transferred from federal control. The numbers in our analysis--and the estimates for proposed closings made by the commission--suggest that payback will usually be achieved within just a few years. Nonetheless, the payback period could become an issue if one-time costs rise (for example, because some costs of environmental cleanup are included) or if one-time savings decline (perhaps because revenue from property sales is lower than expected). Therefore, the Congress may want to establish a more precise definition of the "date of completion."

CONCLUSION

In summary, CBO's analysis found that, for nine bases closed in the 1970s, recurring annual savings varied widely. Average savings (in 1989 dollars) ranged from a low of $12 million per base to a high of $23 million per base, depending on the assumptions used. The commission's estimate of $23 million per base in average annual savings matched the high end of CBO's range. Because of missing historical data and differences in definitions, comparisons of the commission's estimates of one-time costs and payback periods with CBO's estimates for bases closed in the 1970s reveal no clear results.

Our analysis also suggests a need to define clearly the date of completion of a base closing if we are to be sure that the payback of one-time costs occurs within six years of that date. When estimating one-time costs, the Congress may also wish to consider including some costs omitted by the commission, such as those for federal impact assistance.

Finally, CBO's analysis of base closures in the 1970s highlighted a lack of information on the subject. For example, we could not determine how many civilian or military positions were actually eliminated because of base closures. Nor could we ascertain the added costs of military construction associated with relocating a base. Yet, factors such as these determine whether closing bases actually saves money and reduces the federal deficit. If this package of base closings and realignments is approved, the Congress might wish to mandate a closer monitoring of costs and savings associated with the package.

Senator **Inouye**. Do you have any draft legislation that would bring this monitoring about?

Mr. **Hale**. We do not have draft legislation, but I think we could work with your staff to make some specific suggestions. For example, you ought to ask what military construction goes on at the bases where transfers and realignments take place. That information should illuminate the issue if you have to confront it again, since Mr. Cheney has indicated that he might propose more base closures. It would be nice to know, if you have to consider further closures, what you will save.

The other thing I think you should ask is, how many personnel positions were taken away and where did the people who filled them go? Did they leave the Federal workforce? That might lead one to think that the Government actually got rid of some people and achieved savings. Or did the people go to newly created jobs, or do we know where they went? These possibilities might lead one to think that the people were used to beef up other capabilities and that the Government didn't really save money.

There is almost no way to know for sure what happens. It represents a small change among a very large group of employees. Less than 1 percent of Government employees are affected by these base closures. But with those kinds of data, I think we could have more confidence as to whether savings were achieved. We would be glad to work with Mr. Collins or other members of your staff on this issue.

Senator **Inouye**. I agree with your conclusion that it is difficult to come up with any price tag on the savings, if any. For example, Secretary Stone, sitting there, said that every effort will be made to provide a job for every person affected by the base closures.

Now, that would mean that we are going to be keeping personnel.

Mr. **Hale**. Of course, if they take jobs that otherwise would have been filled, savings still might result. If there are 1,000 people, and 100 were involved in bases, and those 100 take some of the 900 jobs attrition leaves open, the Government may still end up with fewer people. So Mr. Stone's promise does not mean that we do not save money.

The problem is that it will be very hard to tell 2 or 3 years from now how much of savings actually occurred and how many mission changes or beefing up of missions occurred. Answers to the questions I discussed earlier would help. But there is probably no perfect way to ascertain the answers, especially 10 years from now.

Senator **Inouye**. On the matter of the disposition of real estate, I think there is a little conflict of interest here because the agency that will be responsible for closing will also have the responsibility for disposing of this. They can decide whether it's going to be free, cut-rate, or at full market value.

If a State should make an application to use that land for educational purposes, it's almost free. If it's for a hospital, it's almost free. If it is for economic development, then full market value may come out of it.

But there are all different ways of skinning a cat. We have no idea what the savings will be from that segment of base closure.

Mr. Hale. If history is a guide, at least the history of these 33 bases for which we have data in the 1970's, the Government will get about a third. It appeared that it got about one-third of what GSA characterized as the total value of the land in revenues. That does not sound unreasonable.

Senator Inouye. Then there is the provision in this Base Closure Act that says that if there are any funds, surplus funds, available, those funds may be used for military construction without going through the authorization or appropriations process.

So we have no control over so-called surplus funds which should have been savings.

I would assume that DOD, given the opportunity to spend leftover money, is not going to turn that into the general Treasury.

Do you agree with that?

Mr. Hale. I am sure there are always unmet needs. I suspect you are right. The key will be in monitoring the funds, which will probably have to be done by committees like yours.

Senator Inouye. How can we monitor that?

Mr. Hale. You are going to get an annual report. I presume that in a few years, you will see—I hope—these savings accruing. At that point, you could pass legislation saying, in some sense, that you want to use those savings to offset other costs.

Senator Inouye. Dr. Glass, your study indicated that DOD did not keep data on the savings and costs associated.

Dr. Glass. That is correct.

Senator Inouye. Now, if data is not available, how do you know that these closures save money?

Dr. Glass. That is the $64 million question.

Senator Inouye. So 35 percent is a good guess?

Mr. Hale. On that question, you had some data.

Dr. Glass. We had some data with regard to the sale of property. We had some data on how civilian personnel were affected by the closures in the 1970's. In these cases, we applied some assumptions about the current state of affairs on bases to the historical data that we had in order to come up with an estimate of what the possible savings could have been. I should add here that our assumptions were not unreasonable. As a result of those calculations, we have come to the conclusion that, on the whole, the Commission's recommendations may be on the high side, but they are within the ballpark.

Senator, I think you may recall that, at the beginning of the base closure process, there were some estimates that you could save $2 billion to $5 billion a year by closing bases.

STUDY DONE ON ESTIMATES

CBO was concerned that those estimates might be high—a concern that, in fact, generated our study. We wanted to see what history would tell us. We ran into a number of blind alleys in locating data that we needed to really do a good analysis of this subject. But we did the best we could with what we got, and it gave us a better idea.

In the end the Commission came out with estimates that were considerably lower than the $2 billion to $5 billion ones that characterized the beginning of the process. We felt a lot better about those estimates. We still feel, though, that they might be a little on the optimistic side in some cases.

Senator **Inouye**. Are you aware that in this Commission deliberation, they took into consideration the presence of hazardous waste on base property?

Mr. **Hale**. They explicitly say they assumed that the liabilities for that were already included. So they would not add in costs for environmental cleanup.

Senator **Inouye**. My question is not on that. I saw that part of their rationale.

CLEANUP COSTS

If Fort Huachuca, or Camp What-Have-You, has hazardous waste, under the law, can we sell that, knowing that it is filled with hazardous waste? Doesn't it have to be cleaned up before we do it?

Mr. **Hale**. I believe so.

Senator **Inouye**. Then the cost is up front, isn't it? It's not eventual, is it?

Mr. **Hale**. Yes. The environmental costs raise a timely issue. This is a point that I did not mention, but it is in our paper. You may well incur the environmental costs more quickly, and that, obviously, is of concern in a period when there is worry about the deficit over the next few years.

Senator **Inouye**. We have been looking over some of the numbers coming out on cleanup requirements, and they go into the millions.

Mr. **Hale**. Yes; the costs can be huge. You may well face some near-term environmental cleanup costs.

Senator **Inouye**. As chairman of this committee, I would like to get some handle on how much it is going to cost and what sort of numbers we should be able to present to the Senate.

But I am finding it extremely difficult. I don't think any one of us would be able to respond to questions from a colleague on the floor as to what this will mean in savings.

But you think that the numbers provided by the Commission are realistic?

Mr. **Hale**. Based on the historical data we have, I think the answer is yes. The numbers are probably optimistic, but they are not wildly so. As Wayne said, based on early press reports, CBO feared that they would be wildly so, but they were not.

There are problems, however, and the timing of the savings is quite uncertain. Mr. Stone mentioned the anticipation that DOD would save something on the order of $2.8 billion over the first 5 years. If it is going to save roughly $2.8 billion over the first 5 years—and if I understood correctly, that amount excluded the sales of land, which represent another $1.8 billion—that is about $600 million a year. That amount suggests that DOD will get the full annual savings almost at the end of the first year.

That will take some doing. That is the end of fiscal year 1990, and they are not really going to start closing basing until January 1990. I think the estimate is probably optimistic.

Senator **Inouye**. Well, you would be providing us extraordinary assistance if you could help us draft this legislation on how to monitor base closures.

Mr. **Hale**. We would be glad to help think it through with the staff and include their thoughts. We would be glad to do that.

Senator **Inouye**. I appreciate your presence today and your patience in waiting.

But, as you can see, this issue is not only national in scope, it is very parochial.

Mr. **Hale**. I understand.

Senator **Inouye**. A Senator, like any other Member of the Congress, gets concerned about what happens in his State. I want to be able to provide my colleagues with all the answers possible.

So your assistance will be very helpful.

Mr. **Hale**. We will be glad to try to be helpful.

Thank you.

Senator **Inouye**. Thank you very much.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the witnesses for response for the record:]

QUESTIONS SUBMITTED BY SENATOR INOUYE TO MR. STONE

ONGOING PROJECTS

Question: Inouye: What is the status of on-going and previously appropriated projects at installations on the closure lists?

Answer: Senator Inouye, the Department has been authorized to complete or terminate ongoing projects and/or unawarded contracts at installations on the base closure lists based on an analysis of the most economical alternative. The analysis is not completed.

Question: Inouye: Can stop work orders be given prior to final action on the legislation by the Congress?

Answer: Yes.

Question: Inouye: What is the Department of Defense planning in regard to reprogramming of previously appropriated projects?

Answer: The funds previously appropriated but no longer required for construction at closed installations will be employed as the source of funds for identified planning and design requirements.

Question: Inouye: Do you have a list of those projects?

Answer: Yes, we do have a list of those projects. The following is a listing of Department's on-going and unawarded projects:

STATE	FY	STATION	PROJECT TITLE	APPROPRIATED AMT. ($000)
CA	85	PRESIDIO	BARRACKS	11,400
AZ	88	NAVAJO	SECURITY/FENCE	4,000
KY	88	LXNGTN	AMMUNITION STORAGE	570
NJ	88	FT DIX	CIDC OPS BUILDING	1,650
OR	88	UMATILLA	SECURITY UPGRADE	1,050
TX	88	FT BLISS	BARRACKS MODERNIZATION	5,500
TX	88	FT BLISS	PHYSICAL FITNESS CENTER	6,300
TX	88	GLVSTN NS	BACHELOR ENLISTED QRTS	4,100
TX	88	GLVSTN NS	WAREHOUSE	900
TX	88	GLVSTN NS	PORT OPS	300
MA	88	AMTL	MATERIAL RESEARCH FAC.	15,000
CA	88	GEORGE	RESOURCE MGT FAC	4,000
CA	88	MATHER	FUEL DOCK	3,450
			ADD/ALTER EW TRAINING FAC	1,350
IL	88	CHANUTE	OFFICER QTRS	5,000
			COLD STORAGE	3,350
			MFH IMPROVEMENTS	4,900
CA	89	GEORGE	REPL RUNWAY AND UPGR LTG SYS	16,500
CA	89	GEORGE	AIR WARRIOR SUPPORT COMPLEX	3,650
CA	89	GEORGE	FLYING TRAINING FAC	3,400
CA	89	MATHER	BASE FLIGHT OPERATIONS FACILITY	2,300
			SECURITY IMPROVEMENTS	440
IL	89	CHANUTE	ALT STUDENT ENLISTED HOUSING	6,500
NH	89	PEASE	ADAL COMBAT ARMS TRNG /MAINT FAC	1,050
NH	89	PEASE	ALTER ELECTRIC DISTRIB SYSTEM	8,850
NH	89	PEASE	SECURITY IMPROVEMENTS	1,050
TX	89	GLVSTN NS	SHIP SUPPORT COMPLEX	8,100
LA	89	LAKE CH	SHIP SUPPORT COMPLEX	3,700

Question: Inouye: How much money is involved?

Answer: The on-going construction totals $58.1 million and the unawarded projects total $70.5 million.

COSTS

Question: Inouye: How much do you estimate is necessary for planning and design of new construction associated with the realignments and closure?

Answer: Our plans are not final, but our best estimate for planning and design of new construction associated with the realignments and closures is $135 million. This figure is from the Commission's cost estimates with the exception of the Air Force portion. The Air Force has been able to accomplish initial local site surveys and refine their planning and design requirements.

Question: Inouye: Why was a decision made to seek $500 million in each of the next two fiscal years (FY 90 & 91) when the Commission suggested $300 million?

Answer: The $300 million dollars was recommended by the Commission as a minimum to begin the process of realignment, but even they have admitted that our figure of $500 million is closer to the true requirement. $500 million dollars in FY 1990 and FY 1991 should enable us to keep these realignments and closures on the tight schedule prescribed in PL 100-526. Base closure and realignment cannot be accomplished without up-front funding.

COMMISSION RECOMMENDATIONS

Question: Inouye: What is the position of the Defense Department in fulfilling the recommendations of the Commission?

Answer: On December 29, 1988, the Commission on Base Realignment and Closure presented us with its detailed findings and recommendations. On January 5, 1989, Secretary Carlucci decided to adopt in totality the Commission's recommended closures and realignments; such closures and realignments include relocations of operating forces.

Question: Inouye: Do you take the position that their recommendations have the authority of law?

Answer: The Base Closure Act requires the Department to implement the recommendations of the Commission once the Secretary endorses their report.

Question: Inouye: Must every unit go exactly where the Commission recommended?

Answer: Yes.

RELOCATIONS

Question: Inouye: As I mentioned earlier, there seems to be concern that a unit here and there has been forgotten in the "big picture." Has the Defense Department taken a position on where these smaller units will go, and what are the costs associated with these moves?

Answer: (4/25/89) The smaller units have not been forgotten. In most cases they will be moving to the same bases as the larger units that are moving from losing bases. For those others, the major commands have already identified the relocation sites and are awaiting site approvals.

Most of the costs of relocating the smaller activities were included in the Commission's cost estimating model, and the remainder will be absorbed in the normal rotation and transfer cycle.

Question: Inouye: In that same light, what about the smaller units that will remain at installations to be closed, but will no longer have the base support functions available. What are the costs associated with this matter?

Answer: No active units will remain at closed bases. In a few cases, reserve or national guard units, as provided in the Commission's Report, have been retained, but their costs are not significant.

FORT DES MOINES

Question: Inouye: I would like to ask a question related to Fort Des Moines. Partial closure is recommended for that base. One of the buildings on that base, building #46, is recommended for closure. Apparently, it was not known that building #46 is in the reserve complex and not part of the old Fort. It's therefore questionable whether the building should be on the list for closure, along with the 3 1/2 acres of land that it sits on. I believe this misunderstanding occurred because the building at one time was on the excess list prior to 1987. But it has since been transferred to the Corps of

Engineers for use as a Reserve Center Facility. I have a letter dated November 2, 1987, from Army Headquarters at Fort McCoy indicating the transfer of this facility. I wonder if you would be able to clarify this matter for me in the very near future.

Answer: The 56 acre parcel on the south portion of Fort Des Moines which was identified in the recommendation for partial closure does not include the 3.5 acres on which building 46 is located.

BUDGET SAVINGS

Question: Mr. Stone, the majority of savings from base closures and realignments results from efficiencies in base operations and administrative overhead. The savings come from personnel reductions. Seventy-five percent of the Commission's recurring annual savings come from personnel reductions, and the Commission forecast a reduction of $79 million in military personnel in fiscal year 1990.

The Defense budget requests Congress to fund up-front costs, but, does not request a reduction in personnel. Why is this?

If personnel reductions are not made, and military and civilian personnel are simply moved to other positions in the Department of Defense, then where are the savings?

Do base closures make any contribution to deficit reductions?

Answer: The Department's budget request was put together before the Commission issued its report. The Department's revised budget will reflect the appropriate reductions in personnel at the closing bases. Most personnel reductions at closed bases will probably not occur during FY 1990/FY 1991.

Future Defense spending agreements between the Congress and the Administration may or may not reflect reductions in the overall end strength of the Services. That does not invalidate the savings achieved through base closures. The work performed by the personnel at closed bases will no longer be needed. If they are transferred to new positions, and not vacancies, that will buy more defense for the same spending level.

Base closure savings can contribute to deficit reduction if the savings are not spent for other defense needs or for domestic needs.

APPRAISAL OF COMMISSION ESTIMATES

Question: Secretary Stone, our Military Construction staff has reported that service field commanders believe that the Commission's military construction estimates are too low -- possibly by as much as 33 to 50 percent. A recent letter from the Air Force to Senator Sasser noted that such underestimates are possible because: "The Commission's cost model was never intended to be budget quality."

In your opinion, how accurate are the Commission's military construction estimates? What is the difference between a cost estimate and "budget quality" cost estimate?

Is the Commission's implementation schedule realistic? Were environmental cleanup requirements adequately considered?

Economic adjustment costs were not considered by the Commission. What is your estimate of such assistance during the next few years?

Answer: I think the Commission did a good job in estimating construction. Initial installation level estimates of their requirements are often high. As they are scrubbed through the chain of command they get more realistic.

A budget quality construction estimate is one that has been reviewed by all concerned and one that is based on a design which is 35% completed.

The Commission's implementation schedule was based on the best estimates the Services could provide at the time. The Services have since been able to start their planning by making site visits to each location which was not possible while the Commission was still deliberating. Therefore I expect that once the Services have completed their planning there will be some adjustments in phasing. Environmental mitigation costs at receiving bases were considered by the Commission to the extent possible and to the extent envisioned by the Base Closure Act.

Until the Department's Office of Economic Adjustment has been able to conclude their work with each community, we will not have an estimate for economic adjustment.

DoD REQUIREMENT TO IMPLEMENT ACTIONS

Question: Secretary Stone, it appears that this base closure process is on "automatic pilot." If a resolution of disapproval for the base closure package is not enacted, is the Department of Defense required to implement every closure or realignment action?

If subsequent events occur, such as the loss of an overseas base, and the Department desires to put the forces in one of the bases now proposed for closure, would the Congress have to pass new legislation to halt the closure action?

Mr. Stone, if you find on further review that a closure costs significantly more than the Commission predicted and does not produce savings, is there any recourse short of legislative actions? Are you required to inform the Congress, if savings and cost estimates are inaccurate.

Answer: Responding to your questions in the order you posed them:

Yes, by law the Department is required to implement all closures and realignments.

Yes, special legislation would be required.

Again, legislative action would be required. The Department would inform the Congress should significant problems develop in implementing the recommended closures and realignments, or in achieving the savings.

REAL PROPERTY SALES

Question: Secretary Stone, in the past many communities have received property conveyances at no cost for civil purposes like education, health, aviation and park facilities. Under the Base Closure legislation, the Department will decide both how much property should be sold and how much should be conveyed at no cost to stimulate community reuse.

Mr. Stone, is this not a conflict of interest? Is your immediate office in charge of both tasks?

How will conflicting Federal revenue generation and community reuse issues be resolved?

Mr. Stone, the Commission assumed that most property sales would be achieved in 3 to 5 years. Do you think this is a realistic schedule?

As you may know, there are questions regarding property sales estimates. The sale of 35 acres at the Presidio is estimated by the Commission to produce revenues of $500 million. Mr. Stone, do you agree with the Commission's sales estimates?

Answer: I will not be responsible for either competing interest.

Our Office of Economic Adjustment represents the communities interest from within the Department, but other federal agencies also have an involvement such as the Federal Aviation Administration for airports. The Services will be responsible for property disposal. My office may get involved only to adjudicate differences in opinion.

Property sale is a time-consuming process. The Department has the authority to sell the property (delegated from GSA) and the incentive to do so. Consequently, most properties will probably be disposed of within 5 years.

The $500 million figure you have sited represents the value of the entire Presidio. This property will revert to a national park under current law, hence, the Department will not realize any proceeds from its "sale." With regard to estimates in general, the Commission used property value estimates from the Army Corps of Engineers and the Naval Facilities Engineering Command, who have considerable expertise in these matters.

BASE CLOSURE DATA

Question: Secretary Stone, this Subcommittee tasked the Congressional Budget Office (CBO) to review past base closures to ascertain how much was projected as savings versus how much money was actually saved. CBO examined 9 major closure actions from the 1970's. However, the Department of Defense told CBO that data has not been kept: construction costs and personnel savings from these closures are unavailable.

Your testimony and Secretary Carlucci's press statement in approving the Commission report note that base closures save money. In the absence of data, how do you know base closures save money?

Will your office maintain a data base to ensure that savings and costs from new closures can be audited?

Answer: Base closures save money primarily by reducing personnel, both military and civilian, who are performing work that is no longer needed. I regret the Department could not fully respond to the CBO's data needs.

Yes, we will maintain data on costs and savings associated with these base closures.

BASE CLOSURE FINANCING ACCOUNT

Question: Secretary Stone, the Base Closure Account will receive revenues from property sales. These revenues can be used for almost any expense related to implementation of base closures, including military construction. Under the current legislation, such expenditures can be made without appropriation by Congress.

Do you think this is a good system for carrying out base closure requirements?

In your opinion, should Congress oversee the expenditure of funds through the appropriation process? If not, should it oversee expenditures through prior approval of reprogrammings?

Mr. Stone, the Commission recommended $300 million be appropriated for the Base Closure Account; the budget requests $500 million. Why is this additional $200 million required in fiscal year 1990?

Mr. Stone, for fiscal Year 1990, how much of the $500 million will be used for military construction and design costs? How much will be used for Operation and Maintenance, and how much for Military Personnel requirements?

Answer: Absolutely. Congress expressly established this system to protect the Congress and especially the Appropriations Committees from the inevitable calls to change the list by withholding appropriations needed to implement a closure.

Congress should exercise oversite but not to the extent of prior approval of all expenditures. That just won't work.

The $300 million dollars was recommended by the Commission as a minimum to begin the process of realignment, but even they have admitted that our figure of $500 million is closer to the true requirement. $500 million dollars in FY 1990 and FY 1991 should enable us to keep these realignments and closures on the tight schedule prescribed in PL 100-526. Base closure and realignment cannot be accomplished without up-front funding.

Our military construction requirement, alone, for FY 1990 exceeds $500 million. This is why it is so important for Congress to approve our request for transfer authority. The Commission estimated costs for FY 1990 are $600 million for MILCON, $130 million for MILCON Design, $340 million for Operations and Maintenance and $2 million for Military Personnel. The Commission's FY 1990 estimates for savings are $90 million in MILCON, $200 million in O & M and $80 million in Military Personnel. Therefore the net requirement is for $700 million.

QUESTIONS SUBMITTED BY SENATOR BYRD TO MR. STONE

DoD ANALYSIS OF COMMISSION'S RECOMMENDATIONS

Question: In accordance with a complex statute enacted by the 100th Congress, the Commission on Base Realignment and Closure has submitted to Congress and to then Secretary of Defense Frank Carlucci a list of proposed closures and realignments. Subsequently, Mr. Carlucci submitted to Congress a report, as required by law, and this report approved the recommendations of the Commission.

Before submitting this report, how thoroughly did the Department of Defense analyze the Commission's recommendations?

Do you believe this is the most comprehensive list that could have been assembled?

Would the Department have preferred other bases to have been included or excluded?

Answer: The services and other Defense Department components provided all data used by the Commission in their analysis. The Commission developed a comprehensive cost estimating model that captures the essential costs and savings associated with base closures and realignments. The model was verified by the Services as being accurate and complete.

The Commission's report was received by the Services and the Joint Chiefs of Staff. The Service Secretaries and the Chairman of the Joint Chiefs of Staff unanimously endorsed the report and recommended that the Secretary of Defense approve it. After careful reading and study, the Secretary of Defense, Frank Carlucci, did approve the recommendations of the Commission. We know of no bases that should have been either included or excluded from this list.

I have full confidence both in the Commissioners as knowledgeable, dedicated, public-spirited citizens, and in the quality and thoroughness of their recommendations.

COST SAVINGS

Question: When the legislation setting up the Commission was before Congress, proponents of the bill estimated that its enactment would save $2 billion to $5 billion a year, apparently on the assumptions that some two dozen bases would be closed. In fact, the Commission's recommendations affect approximately three times that number of bases, but the estimated savings are substantially less. Can you explain this discrepancy?

Can you state where the original estimates came from?

Answer: The discrepancy resulted from overly optimistic estimates as to the savings that could be realized through base closures without reducing force structure. Most of the expectations about savings arose from the President's Private Sector Survey on Cost Control (the Grace Commission) of 1983. It was this report that asserted that an annual savings of two billion dollars could result from reducing base structure. The Defense Secretary's Commission on Base Realignment and Closure found that the Grace Commission's estimate was based on a general view that some 10% of the Defense Department infrastructure could be eliminated. However, the Base Closure Commission in their exhaustive study determined that this wasn't possible, especially given the fact that the Armed Forces grew in the early 1980s.

COMMISSION OVERSIGHT OVER DoD DOMESTIC BASE STRUCTURE

Question: Assuming that the Commission's recommendations are eventually carried out, do you think it would be useful to have another commission, operating on a more or less permanent basis, to exercise oversight over the Department's domestic base structure?

Answer: The Department needs to periodically review its base structure. The Commission recommended that authority to close bases through a permanent waiver of restrictive laws be returned to SECDEF. The Commission also recommended that a permanent advisory board be established to oversee the Secretary's base closure decisions. This seems like a workable procedure.

APPROPRIATIONS

Question: If Congress were to authorize and appropriate $300,000,000 to carry out the Commission's recommendations, do you think this would be enough?

If Congress does not enact any specific authorization or appropriation of funds to carry out the Commission's recommendations, do you believe it will be possible for the program to proceed?

Answer: Our best estimate for net costs in FY 1990 to carry out the Commission's recommendations is $700 million. The majority of this amount ,

$640 million, is for construction necessary to prepare receiving installations and the remainder is primarily operations and maintenance costs associated with implementation. Our Base Closure Account budget request for FY 1990 is $500 million. In addition we have asked for transfer authority to make up for the short fall. If Congress does not enact any specific authorization or appropriation of funds to carry out the Commission's recommendations, we will still be required by law to execute the closures and realignments. Without funding, the task will be more difficult and will probably require us to have troops living and equipment stored in less than desirable conditions.

SALES

Question: Do you believe that, in disposing of unneeded bases, the Government should attempt to obtain the maximum financial return, or should it attempt to achieve other objectives?

If so, what other objectives should be achieved?

Answer: By obtaining the maximum return possible through the sale of the closed bases, the Department will be in a better position to fund the necessary closure and realignment activities from the Base Closure Account. Also, sale of these bases would allow the Department to realize, to the fullest extent, the estimated savings resulting from these closures and realignments.

If other departments within the federal government plan to use these closed bases, the cost benefit of the public purpose for which they are used should offset the fair market value of the bases, since it is that amount the federal government would receive for their sale.

QUESTIONS SUBMITTED BY SENATOR DeCONCINI TO MR. STONE

SIX-YEAR ESTIMATES

Question: In its fourth iteration dated February 21, 1989, the Army claimed the move would not meet the six-year requirement. I will now quote from this report. "If, for the sake of argument, we assume the Commission has accurately estimated its $18 million annual savings, and include $51 million in cleanup costs [for Fort Meade] and the $12 million addition mistake found in the Commission model's personnel relocation costs, the resultant payback will occur in the 15th year." How do you explain the disparity between your conclusion and the conclusion of this report?

Answer: Both the Headquarters Department of the Army and the Commission staff have not seen the study you mention. It sounds like an installation study which has not been validated by Headquarters Department of the Army. For your information the environmental cleanup costs were not included in the cost model although the Commission did consider them in their analysis.

PERSONNEL REDUCTIONS

Question: In its first preliminary audit of the Commission's findings, the GAO reported that a significant percentage of the savings predicted by the Commission is a result of personnel reductions. However, the Commission was not authorized to reduce personnel levels, and Congressional action will be necessary to do so. I understand that the Military services are not at all eager to reduce their "end strengths," even when we stand to save a significant amount of money by doing so. If the Commission's recommendations become law, can we count on the Military to reduce their personnel levels so that all potential savings can be realized?

Answer: The Department of Defense is currently updating its FY 1990/FY 1991 President's Budget Request. The revised numbers in this Budget Request should reflect military and civilian manpower reductions associated with the Base Closure Commission recommendations. The specific details of these reductions will not be available until the revised Budget Request has been submitted to the Congress.

OVERSEAS BASE RELOCATIONS IN U.S.

Question: If we lost an overseas base due to failed negotiations, how would you react to this in terms of relocating the base in the United States? Will there be some prioritized list of bases from which they will choose one to be reactivated?

Answer: The relocation to the United States of forces from overseas bases would be determined by a number of factors. The mission, type and size of units, reason for relocation, existing force structure, and excess capacity at operating bases would affect the decision. To select the proper receiving base, all of these factors would have to be evaluated in light of conditions existing at the time of the relocation. There is no prioritized list of bases for reactivation.

EMPLOYEES REFUSAL TO MOVE TO FT DEVENS

Question: Did the Commission consider the fact that a significant number of civilian employees refuse to move to Fort Devens, and the Army will then be forced to hire and train employees from the Fort Devens work force at salary costs higher than those at Fort Huachuca?

Answer: When civilian positions are transferred from one base to another, not all the civilians move. Some will retire early, some will be attrited as a matter of routine, and some may have to be separated if insufficient vacancies remain. For early retirement, the model uses a standard factor (usually 8%); those persons are then paid a proportion of their retired pay for the first three years of the model, after which it is assumed that the persons would have retired anyway. For normal attrition, the model uses a standard factor (30%) to account for the normal turnover and transfer that occurs without relocation. The model then removes the early retirees and normal attrition from the current workforce and compares that against the new positions required at the gaining bases to see whether all can be accommodated. Those employees are dispersed to the gaining bases in proportion to the number and timing of personnel moves to each base. Employees who cannot be accommodated are absorbed into Federal positions in the losing base area using a standard factor: the remainder are then riffed and draw a one-time compensation related to the base pay by another standard factor. Conversely, if after routine attrition there are not enough employees at the losing base to fill the positions at the gaining base, a hiring expense cost is assessed to make up the difference.

Actual position grading will be done in accordance with standard Army proceedures based on the actual job requirements.

NEW MILITARY CONSTRUCTION COSTS

Question: In a report titled the Review of Base Closure Issues: A Case Study, the Committee on Appropriations Subcommittee on Military Construction has found that the total new military construction costs are now $2.7 billion rather than $1.8 billion.

For example, moving 36 C-141s from Norton Air Force Base to March Air Force Base was $297 million. The latest cost estimates range from $400 million to $450 million. These estimates do not include a likely SAC requirement for another $30 million and $20 million for the reserves.

The cost of moving F-4s from George to Mountain Home are estimated by the Commission to be $33 million. The latest estimates are $87 million, which do not include another $30 million for another training range. How do you reconcile the disparities?

Answer: Senator DeConcini, those preliminary estimates provided to the Majority Clerk in February had not been validated by the Major Command or the Air Staff. We do not expect that increases in estimated costs at any of the Air Force bases being realigned or closed would affect the six-year payback guideline.

QUESTIONS SUBMITTED BY SENATOR BUMPERS TO MR. STONE

TASK FORCE

Question: The Ribicoff-Edwards testimony points out the decline in research and development spending and its impact on laboratory capabilities (pp. 16-17). The Commission recommended that the Secretary of Defense establish a task force to examine these concerns. Has such a task force been empaneled and begun work?

Answer: There has not been a decline in defense research and development. Research, Development Test and Evaluation has increased from $16.6 billion in FY 1981 to $37.5 billion in FY 1989. The FY 1990/1991 amended budget request is $39.5 billion in both years. A task force has not been established as a result of the Commission's recommendations. However, actions are already underway to achieve objectives outlined by the Commission.

For example, in 1987 the Defense Science Board (DSB) studied DoD Technology Base management and made recommendations for achieving greater efficiency and productivity. The Director, Defense Research and Engineering, initiated an Interagency Task Force to identify those specific management actions which will implement the recommendations of the DSB. These actions are intended to assist the laboratories in attracting and retaining the highest quality scientists and engineers, in improving personnel management systems, in improving contracting effectiveness, and in providing local laboratory demonstrations and subsequent widespread application.

PAST CLOSURES

Question: Many of the success stories cited by officials of communities that have successfully survived a base closing in the past involve communities near or in densely populated areas. Have there been similar stories for predominantly rural areas? What "lessons learned" do you have to offer such communities?

Answer: While many successful base reuses have been in predominantly urban areas, e.g., Raritan Arsenal, Raritan, NJ; Brooklyn Army Terminal, Brooklyn, NY; Boston Shipyard, Boston, MA; -- and many more reuses have been at bases located in what were then more rural settings, e.g., Larsen AFB, Moses Lake, WA; Harlingen AFB, Harlingen, TX; Charleston AFB, Charleston, ME; and New Iberia NAS, New Iberia, LA.

Generally, successful reuse has been less a function of rural/urban location than a function of aggressive local organization, careful reuse planning, and intensive marketing and promotion. The most basic lesson: get on with the reuse plan as soon as possible.

COMMISSION REPORT

Question: The Commission completed its work very quickly. How carefully were the results checked? Is it possible that significant errors were made that would affect the final results?

Answer: I am not aware of any significant error made by the Commission. Visits by Commissioners and staff personnel were made for the purpose of verifying information supplied by the services and to supplement this information with first-hand knowledge. The Commission had sufficient time and all the information it needed in each case, and was confident that its thorough validation procedures would disclose any significant errors.

The General Accounting Office has been independently evaluating the methodology, findings, and recommendations of the Commission. While their evaluation is still incomplete, the General Accounting Office, has testified that while the Commission may have made its recommendations for realignments and closure based on some incomplete and inaccurate data, the General Accounting Office did not imply any disagreement with the Commission's overall findings.

I am confident that there are no errors that would affect the final results.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG TO MR. STONE

PERSONNEL REDUCTION IMPLICATIONS

Question: Is 85% (or $69 million) of the $85.5 million annual cost savings ascribed to the Fort Dix reduction based on reducing the end strength of the Army by 70 officers, 1236 enlisted personnel and 861 civilians?

Answer: Yes, personnel end strength reductions amount to approximately 82% of the annual steady state savings.

Question: If Congress decides to make such cuts, is the Army prepared to live with the reduced end strength?

Answer: Yes, but it is up to Congress and the Administration to decide what to do with the savings -- whether they want to apply the resources elsewhere or eliminate them from the federal budget.

Question: Are all Services prepared to accept the total reduction of end strength associated with all realignment actions recommended by the Commission?

Answer: Yes, but it is up to Congress and the Administration to decide what to do with the savings -- whether they want to apply the resources elsewhere or eliminate them from the federal budget.

Question: If Congress decides not to make these cuts, how would that affect the savings projected by the Commission recommendations for Fort Dix? For the other bases affected?

Answer: Actual dollar savings would fall but the Services would now be able to accomplish other priority missions.

SOCIOECONOMIC COSTS

Question: Was the expected cost of the Federal Government's reimbursement to local governments for the recent construction of school facilities (Pemberton Township is currently building a $17 million addition to its high school to support the Fort Dix dependent community) considered as a Fort Dix realignment cost in the Commission's cost model? In any event, what does the DoD estimate that cost to be?

Answer: No, according to OEA the Pemberton Township has a $16.8 million bond for 20 years and is paying an annual payment of $2 million. The addition is physically attached to the school and about half completed at this time. (Construction started in March 1988.) My office, the Department of the Army and the Office of Economic Adjustment are and will be working with local officials on some means to resolve the issue.

Question: Were the three years of impact aid required by law to be paid to the local school systems around Fort Dix considered as a Fort Dix realignment cost in the Commission's cost model? What does the DoD estimate that cost to be?

Answer: No, these costs were not included in the cost model. According to OEA the 1987 and 1988 impact aid to the Fort Dix Community were approximately $3.8 million each year and the projected FY 89 will be similar. According to Public Law 81-874 Section 3E the government should pay 90% of the previous year's impact aid to communities for the three years following a major impact resulting from an installation's force restructuring. At the current time this account is unfunded.

Question: From 1966-1986 18 Federal Government agencies paid $503 million to bolster 74 communities hit by base cutbacks. Did the commission take into account the cost that will have to be paid by other government agencies as a Fort Dix realignment cost in the Commission's cost model? In any event, what does the DoD estimate that cost to be?

Answer: While not trying to dismiss the importance of the question I am not sure I can comment on your question without knowing the specifics of the funds provided. I do know that if the law is approved, as the Commission has recommended, that the Department will save approximately $700 million each year for the American taxpayer. Additionally, a CBO study has stated that these additional costs would be insignificant.

Question: Were environmental cleanup costs calculated as a cost of the Fort Dix realignment action? What does the DoD estimate those costs to be?

Answer: No, the Department of the Army estimates that the environmental cost to put Fort Dix in Semi-Active status will be $16.5 million. This data was based on existing information available at the time of the analysis. The Department of the Army is currently conducting a detailed analysis of the environmental impacts resulting from the actions of the Commission.

Question: Was the cost of homeowners assistance taken into account as a cost of the Fort Dix realignment action? What did the Commission estimate those costs to be?

Answer: Yes, the Commission estimated these costs to be approximately $6.9 million.

Question: Assuming that most of the costs mentioned above were not taken into account by the Commission, is it true that the actual cost of the Fort Dix realignment action is considerably understated in the cost model?

Answer: No, the above costs would have to exceed $240 million before the Commission Payback period would be exceeded.

Question: What is the effect of including the costs that were left out on the payback period? Does inclusion of those costs mean that Fort Dix no longer meets the 6-year payback period? If you cannot estimate those costs outlined above with any precision, how can you determine the effect on the payback period?

Answer: No, the above costs would have to exceed $240 million before the Commission Payback period would be exceeded.

Question: Please give us a detailed cost breakdown of the total costs estimated to keep Fort Dix open in semi-active status. If these include the salaries of civilian and military personnel remaining at Dix, please give me the numbers and salaries of the officers, civilians, and enlisted who are expected to remain there.

Answer: A detailed cost estimate is not possible at this time. The Department of the Army is in the process of doing a complete analysis of the Fort Dix realignment and will have an implementation plan available late in fourth quarter FY 89.

SUBJECTIVE JUDGEMENT

Question: The Army representative to the Commission informed my staff that subjective judgment was a major factor in the cost model. For example, weighting of the factors determining military value was subjectively arrived at, and there were instances when the values assigned to individual factors produced answers that the Commission staff did not accept. In selected instances the individual factors were then "adjusted" to try again to get an "acceptable" result. Did this in fact occur?

Answer: The subjective judgment indicated above was not in relation to the COBRA Cost Model but in relation to the spreadsheet analysis to determine the military value of an installation. The subjective evaluation was done by military experts most familiar with the type of installation being evaluated. The "acceptable" results obtained were independent of any individual installation actual rating and only meant the Services and the Commission were in agreement. This type of interchange did occur between the Services and the Commission when the Commission independently evaluated the weights submitted by the Services.

DEBT SERVICE COSTS

Question: Since the Federal Government is in deficit, every additional dollar appropriated must be borrowed, at a cost to the government. Assuming that cost to be 8.95% a year, (the 90 day T-Bill rate as of 30 March 1989) the cost to the government of borrowing the $1 billion for implementing the base closure recommendations would be over $90 million a year. Did the Commission take into account that cost in calculating its total savings from implementing its recommendations?

Answer: Yes, the commission used a 10% discount rate as prescribed in OMB Circular No. A-104. This overestimates the cost of money by almost one percent. The Commission used the September 6, 1988, Federal Reserve Statistical Release to determine the discount rate.

A 5-year treasury bond, with an interest rate of 8.92% was used. 1/8th of a percent was added to this for a total rate of 9.045%. In order to insure savings were not overstated, the actual rate used was 10%. Note, this has been examined by GAO and determined to be conservative.

Question: In responding to my previous question which asked whether they took the above costs into account, the Commission said they used a 10% discount rate for present value analysis. However, present value analysis accounts for the time value of money and has no relevance to the cost to borrow money. Did the Commission's cost model consider in any way the debt service costs associated with increasing the federal budget by a billion dollars? If so, how?

Answer: Your assumptions are incorrect. The present value analysis does account for the time value of money which, in this case, is the discount rate of the cost to borrow money. The commission used a 10% discount rate as prescribed in OMB Circular No. A-104. This over estimates the cost of money by almost one percent. The Commission used the September 6th, 1988 Federal Reserve Statistical Release to determine the discount rate.

A 5-year treasury bond, with an interest rate of 8.92% was used. 1/8th of a percent was added to this for a total rate of 9.045%. In order to insure savings were not overstated, the actual rate used was 10%. Note, this has been examined by GAO and determined to be conservative.

Question: If that assumption turns out to be incorrect, would Fort Dix meet the 6-year payback criteria set up by the Commission?

Answer: Yes.

QUESTIONS SUBMITTED BY SENATOR STEVENS TO MR. STONE

ALTERNATE METHODS OF SAVINGS

Question: Would the Department realize greater savings by eliminating units from bases scheduled for closure, saving the relocation costs, than by making other force structure cuts?

Answer: Yes, that is possible, but only if savings were the only criterion for cutting particular forces. The Commission closed bases because they were low in military value. That doesn't mean the units at those bases were low in value. They could be the best: the best equipped, the best manned, the most trained, the most strategically valuable, etc.

OVERSEAS INSTALLATIONS

Question: As efforts continue to reduce the FY 1990 budget request, will overseas installations be put "back on the table" as possible sources for savings?

Answer: I am not aware of any overseas base closure being part of the ongoing FY 1990 budget review.

Question: How do you reconcile a U.S. expenditure of almost $450 million to move the 401st Fighter Wing from Spain to Italy, with base closing initiatives here in the United States?

Answer: The 401st is a key element in the defense of NATO's Southern Region. With the U.S. faced with the need to move the wing from Torrejon Air Base in Spain, NATO accepted an Italian offer to provide a location at Crotone, Italy and agreed to commonly fund the cost of constructing required facilities. This decision, driven by a variety of political and military factors, was based primarily on the need to maintain the credibility of the NATO deterrent in the Southern Region.

In the event of hostilities, this wing will provide the necessary air defense to protect vital Southern Region bases. The wartime mission of the wing calls for forward deployment to operating locations nearer to the threat - quick movement of these locations is critical. In addition some of the aircraft are employed in a strategic role at these forward locations on a continuous basis. Without an in-place capability we will no longer be able to provide a continuous presence nor ensure a timely response, increasing significantly the risk of losing these key operational facilities before we can reinforce.

Failure to retain the 401st TFW in NATO's Southern Region would provide the Warsaw Pact with an increased advantage in terms of warfighting capability while reducing the incentive to negotiate realistic mutually acceptable arms control agreements. The base closure initiative in the United States attempts to close those installations where genuine cost savings can be generated and where operational readiness is not affected. The mission of forward based units, such as 401st TFW, cannot be accomplished with units permanently based in the U.S.

BASE CLOSURE COST

Question: How did the Department of Defense arrive at the figure of $500 million to commence implementation of the Base Closure plan?

Answer: The FY 1990/1991 budget request was put together for President Reagan's Budget before the Commission's report was released. Without knowing what the Commission's recommendations would be, a best guess estimate for construction and operations and maintenance costs (movement of people and equipment) was developed from base closure studies done in the early 1980's.

BASE CLOSURE COMMISSION

Question: How does the Department's $500 million plan to commence implementation of base realignments compare to the $300 million proposal made in the report of the Base Closure Commission?

Answer: The Commission recommended the Base Closure Account be capitalized as quickly as possible with $300 million as a minimum. The Department believes the base closures and realignments can be implemented even quicker than the Commission envisioned and requires funding for the up-front costs.

Question: In your opinion, where should jurisdiction of these funds reside--in the Defense or MILCON Appropriations Subcommittees?

Answer: That's a good question I'm not sure I can answer. Implementing base closures will require spending for a wide variety of purposes. Construction is the largest single type of expenditure (about 60 percent).

QUESTION SUBMITTED BY SENATOR McCLURE TO MR. STONE

SECTION 801 HOUSING

Question: What is the Defense Department's position on so-called Section 801 housing, which basically provides for private housing to be built on-base, with local investment, and then leased back to the Air Force? What is the current OMB position on this policy? There is some interest in using Section 801 housing to provide some of the additional housing that will be needed at Mountain Home, and I would like to know what is the current state of the law and Administration policy toward this program?

Answer: Section 801 housing is authorized by 10 U.S.C. 2828(g), which permits the Military Services to enter into Build-to-Lease contracts for the construction of family housing units on or near defense installations, which housing units would then be leased back to the government for a period not to exceed 20 years following the construction period. Projects executed under this authority are privately owned and financed, and must be easily severable from federal interests at the end of the lease period. For this reason, it is current OSD policy that Section 801 projects must be constructed on private property wherever possible. OMB has not objected to Section 801 Build-to-Lease housing contracts so long as it is clearly evident that such contracts are not structured in such a way as to produce government ownership of the property at the end of the lease period (i.e., is not actually an installment purchase). The Department of Defense believes that Section 801 housing authority, properly applied, is a valuable augment to our traditional MILCON authority in being able to obtain adequate, affordable housing for our military families in remote or high cost areas. We hope to see this authority extended beyond its current cap of 16,000 units, and its current expiration date of September 30, 1989.

QUESTIONS SUBMITTED BY SENATOR KASTEN TO MR. STONE

IMPACT ON COMMUNITIES

Question: I agree with your statement--that Federal, local and state governments must work together to ease the impact these closures will have on surrounding communities.

What specific plans do you have to help these communities?

Answer: Our plans to assist communities involve: providing information about prior successes; arranging visits to such communities; helping communities get organized; and if needed, funding their reuse planning activities. The Military Departments and the Office of Economic Adjustment have been contacted by 17 communities about their activities and assistance, and they have visited 11 locations to meet with local officials. The Office of Economic Adjustment has assigned individual staff members to work with each community throughout the entire reuse and recovery effort.

Question: It is my understanding that a number of government employees living in Wisconsin will be affected by the closure of Fort Sheridan.

What efforts are being made to help residents such as those who specifically--cannot or do not plan to relocate?

Answer: All career employees will be given maximum assistance in continuing their careers as employees of the Federal government through assignment to other positions in the Department of Defense (DoD) or in other federal agencies. In addition, in cooperation with the Department of Labor and State Employment Services, assistance will be given to employees in locating positions in private industry. Where appropriate, they will be given the opportunity to undertake retraining programs to qualify them for jobs available in their local labor markets.

Employees whose jobs are eliminated will be given priority rights to other vacant positions in the Defense Department and other federal agencies. Employees demoted who are entitled to grade retention following a change of position or reclassification will be given priority rights to other DoD commuting area vacant positions in grades which are equal to their retained grades. Employees whose jobs are eliminated also will be given assistance in locating jobs in private industry if they so desire.

The Department of Defense Program for Stability of Civilian Employment and Priority Placement Program provide the principal mechanisms for placing affected employees elsewhere in the DoD. Through the Priority Placement Program, the skills of displaced employees are matched with vacant positions at other acceptable activities within the Defense Department. The job match is accomplished through a computerized referral system, and if the new job involves a move to another location, the costs of moving the employee and his household are borne by the government. If the new job is at a lower grade level, the employee's grade or pay is saved to the maximum extent permitted by law.

Employees are also registered in the Office of Personnel Management's Displaced Employee Program and through this means are given priority consideration for vacancies in other Federal agencies. The State Employment Services provide placement and retraining assistance for employees desiring jobs in private industry.

QUESTIONS SUBMITTED BY SENATOR D'AMATO TO MR. STONE

INDIVIDUALS' CONSIDERATIONS

Question: My office, and I'm sure many others, are getting scores of inquiries from nervous constituents who want to know what will become of their jobs and housing. Can you tell us what provisions have been made to address the individual needs for information on implementation timing, assurances of alternative facilities, and unique hardship amelioration?

Answer: People are our most important resource. The Department of Defense will not forget the needs of its people at those installations being closed. At each base affected by closure or realignment, the Services have made provisions to answer all inquiries regarding concerns of individuals in the areas of housing, employment and retiree services.

FAMILY HOUSING UNITS - MANHATTAN BEACH

Question: One of the Commission's recommendations is the closure of several stand-alone housing installations which were determined to have exceeded their economic life. I have a question regarding a particular situation in my own state of New York which I'm sure is not an isolated case. The U.S. Army's Manhattan Beach Housing Installation is on the closure list and the residents are confused and upset because, while they are being asked to leave with no alternative housing yet identified, Coast Guard officials have been touring their homes because they want to put Coast Guard families into the facilities. If the bottom line is that the federal government will realize no savings from this transfer of facilities from Defense to Transportation, why disrupt the lives of families presently occupying this housing?

Answer: The Commission recommended closing fifty-two stand alone housing installations, including Manhattan Beach, as cost analyses indicated these installations were not economically efficient to operate. These housing areas are either approaching or have gone beyond their useful economic life.

The Department of the Army will endeavor to allow for continued occupancy by personnel presently housed in these units until their rotation to new duty assignments. Some exceptions to this policy may occur in instances where occupation of a small percentage of the housing area would unnecessarily delay ultimate disposal of the property.

QUESTIONS SUBMITTED BY SENATOR RUDMAN TO MR. STONE

PERSONNEL REDUCTION IMPLICATIONS

Question: The savings promised by implementation of the closure recommendations, approximately $700 million annually, would derive primarily from reduced personnel costs. However, such savings will not be realized if the Pentagon does not trim the 12,889 military and 7,748 civilian jobs the Base Closure Commission said would no longer be required after realignment.

Is the DoD prepared to make the kinds of end strength cuts which would effectuate the savings promised by the legislation?

Answer: The Department of Defense is currently updating its FY 1990/FY 1991 President's Budget Request. The revised numbers in this Budget Request should reflect military and civilian manpower reductions associated with the Base Closure Commission recommendations. The specific details of these reductions will not be available until the revised Budget Request has been submitted to the Congress.

EFFECT OF ENVIRONMENTAL CLEANUP

Question: The prospect of massive environmental cleanup problems on many posts raises the possibility of prolonged delays in the sale of much of the supposedly surplus military property. Delaying the transfers would postpone or preclude collection of the income needed to recover the cost of closing bases, which could approach $5 billion. What is the Pentagon's perspective on this matter?

Answer: The Commission estimated it would take about $3.1 billion to implement these closures and realignments during FY 90 - FY 94. During that same time, the Commission estimated the savings to be $3.2 billion, excluding land value. The land involved was valued at $1.4 billion.

BREAKDOWN OF FUNDING

Question: The Pentagon has requested $1 billion in new funding for the first two years of base closings and approval to authorize a transfer of at least $500 million in construction funds already provided.

When will Congress be provided with a detailed breakdown of how the funds would be spent?

Answer: The Services are currently working on their plans for implementation. As soon as they are complete we will provide them to the Congress. We hope to do so by July 1, 1989, and maybe sooner.

THE COBRA MODEL

Question: The COBRA (Cost of Base Realignment Actions) model was developed by the Logistics Management Institute for the Commission. COBRA, as you are aware, provides cost comparisons of proposed base realignment actions, using data that were available to Service staffs without extensive field studies.

Were the factors used in assessing (i) one-time costs and savings, and (ii) steady-state savings and costs in the model credible, intellectually rigorous, and inclusive?

Would the individual Services be inclined to adopt the COBRA model to assess potential future closures?

Answer: Yes, the factors used in the Commission's cost estimating model were realistic and comprehensive. There were actually four separate standard factor tables. The first dealt with personnel, the second with installation support, the third with transportation, and the fourth with construction. Because of differences between the Services, each was encouraged to develop factors that were unique to that Service. The Commission's model has undergone exhaustive validation by the General Accounting Office.

The Commission expects that each Service will use their version of the COBRA model to assess future closure or realignment actions. The Air Force had already developed a realignment model that the Commission revised and adapted for the Base Closure and Realignment Study. Recently the Coast Guard requested information on the Commission's model for possible use by that Service.

PEASE AIR FORCE BASE

Question: I have reviewed the methodology used and the data obtained to justify the recommended closure of Pease AFB in New Hampshire. While I will not discuss here the classified data pertaining to the strategic rationale for the recommendation, I am perplexed by a disparity between the reasons for closure cited in the Commissions's formal report and the conclusions noted in the documents comprising the Pease file.

The formal report observed that the closure recommendation was "primarily due to quality and availability of facilities." It also states that "Pease AFB has a shortage of buildings for operational, training, and maintenance purposes."

Yet an examination of the supporting documentation reveals that "most facilities, utilities, and equipment meet today's standards.

Military construction projects have provided modern facilities which meet current technical standards . . . Base layout is well configured to support the mission with facilities located along the base parking apron."

What accounts for this discrepancy? Surely the quality and availability of facilities issue, as defined by the criteria the Commission used, was not the principal contributing factor to the closure recommendation?

Answer: The Commission did find that Pease Air Force Base had a shortage of buildings for operational, training, and maintenance purposes. In addition, the military family housing was found inadequate and required upgrading. There were also deficiencies in the area of quality of life, the most prominent being a shortage in recreational facilities.

However, the principal factor contributing to the closure was the lowered military value of Pease AFB because of low pre-launch survivability from submarine-launched ballistic missiles. Pease's location provides less warning time for aircraft to launch during times of increased tension or international conflict. In addition, plans existed to transfer Pease's FB-111 aircraft to the Tactical Air Forces, leaving the base without a major mission. Finally, the relocation of the Air Refueling Squadron will improve the efficiency of strategic-bomber operations by linking tankers with bombers.

QUESTIONS SUBMITTED BY SENATOR INOUYE TO DR. GLASS

QUESTION: Dr. Glass, your study indicates that the Department of Defense did not keep data on the savings and costs associated with past base closures.

How would CBO propose that the Department of Defense monitor the closures recommended by the Commission to ensure that costs and savings are tracked?

ANSWER: Since no major base closures have occurred since the late 1970s, historical data on the costs and savings were difficult to locate or were unavailable. As a result, the Congressional Budget Office applied current factors to the limited historical data we were able to obtain in order to provide rough estimates of past costs and savings. The wide range of savings cited in our analysis reflects the uncertainty about what actually occurred when bases were closed during the 1970s.

If the Congress approves the recommendations of the Commission, an opporunity exists to determine the actual costs and savings of implementation by ensuring that appropriate information is collected and reported from the outset. Such data could be incorporated into the annual report of the Department of Defense to the Congress on base closures required by Public Law 100-526, Section 207, of the Base Closure and Realignment Act.

The Commission used a comprehensive cost model to develop the estimates supporting its recommendations. The Congress could request information based on the categories used in the model. These could include the following:

I. Personnel Costs and Savings

   A. Reductions and icreases in the number of authorized military and civilian positions by rank and grade. (Data should be provided for organizational components and individual bases affected by closure or realignment.)

   B. Disposition of employees whose jobs were eliminated by base closures:

      1. Number of retirements and resignations by rank and grade.

      2. Number of employees placed in other existing federal jobs.

      3. Number of employees placed in newly created federal jobs.

II. Relocation Cost Data

   A. Total Permanent Change of Station (PCS) costs for military and civilian personnel transferred, including funds for Homeowners' Assistance Plan when appropriate.

   B. Total costs of relocating freight, aircraft, and vehicles.

II. Base Operations and Support Cost and Savings

A. Reductions and increases in nonpay base operations and support (BOS), real property maintenance (RPM), and communications costs.

B. Caretaking costs for closed bases prior to sale or transfer of land or other assets.

IV. Military Construction Costs and Savings

A. Costs of military construction including rehabilitation or improvements of affected facilities at receiving bases.

B. Costs of constructing family housing at receiving bases.

C. Revenues generated by the sale or lease of family housing at losing bases.

D. Costs and savings from cancellation of ongoing or planned military construction at losing bases.

V. Real Estate Costs and Revenues

A. Revenues generated by sales of land and other assets.

B. Costs of purchasing additional land and assets required to accomodate realignment.

VI. Environmental Cleanup Costs

A. Costs in excess of planned cleanup funding as of January 1989.

VII. Health Costs

A. Report on unresolved hospital closures addressed but not directed by the Commission.

B. Increase in CHAMPUS costs beyond projections in local areas affected by hospital closures.

VIII. Federal Impact Assistance

A. Total federal impact assistance from federal agencies to affected communities.

QUESTION: Dr. Glass, the Commission's report states that hazardous waste cleanup costs were not considered because current laws require such cleanup to occur eventually. Our staff advises that such cleanup costs are quite significant. At Mather Air Force Base alone they could approach $35 million.

If the Department does not change its environmental cleanup priorities, the base real property should not, and I believe cannot be sold. Will this affect the Commission's sales estimates, their timing, and thus, the payback within six years?

ANSWER: The Department of Defense has not completed environmental cleanup assessments of all of the properties recommended for closure by the Commission. The Commission included a factor to account for environmental cleanup in estimating the timing of property sales, but, if environmental problems prove more significant than anticipated, the sale of property could be delayed beyond the Commission's projections. Moreover, depending on the extent and nature of the pollution problem, the actual sale price of the property could be lower than the Commission's projections of the property value. In some cases, therefore, lower than projected revenues or delayed sales could mean that the payback of costs would not be achieved within six years. CBO, however, cannot predict whether or how often this might happen.

QUESTION: Dr. Glass, the data that could be obtained for your study indicates that Federal economic impact asssistance equalled the amount of revenue gained from property sales. The Base Closure Commission considered savings from property sales, but assumed no costs for economic adjustment assistance.

— Has CBP assessed how the Commission's payback estimates would change if economic adjustment were considered?

— In your opinion, will revenues from sales increase because the Department of Defense has assumed responsibility for property disposal?

ANSWER: The Congressional Budget Office has not performed a detailed assessment of how the Commission's payback estimates might be affected if the costs of federal impact assistance were included. However, over the 21 years between 1966 and 1987, federal assistance to communities affected by base closures amounted to less than $1 million per base. Therefore, the costs of assistance during the near term are likely to be modest and should not significantly affect the overall savings from the proposed base closures.

For individual communities, however, such costs have varied widely in the past and in some cases could affect the payback. Indeed, in the past, federal assistance has reached $50 million for individual communities affected by base closures. Unfortunately, no methodology currently exists that permits us to project the costs of federal impact assistance to individual communities with confidence.

You also asked about the effect of DoD control on revenues realized from sales. If the Congress approves the Commission's recommendations, it would authorize the Department of Defense to manage the disposal of defense property and to apply the proceeds to the costs of closing bases. Under this legislation, therefore, DoD has an incentive to generate maximum revenues from property disposal that has not previously existed. In the past, the General Services Administration managed the disposal of defense property under the Federal Property and Administrative Services Act (FPASA). DoD did not receive revenues from the sale of property under the former arrangement.

However, this added incentive may not result in speedier disposal of property than occurred during the 1970s. DoD will remain bound by the provisions of FPASA, which are complex and time consuming. The Commission recommended that the Congress limit FPASA's restrictions and remove regulatory impediments from the sale of excess land. Unless this is done, the stronger incentives may not result in speedier disposal.

QUESTIONS SUBMITTED BY SENATOR BUMPERS TO DR. GLASS

QUESTION: The Ribicoff-Edwards testimony points out the decline in research and development spending and its impact on laboratory capabilities. The Commission recommended that the Secretary of Defense establish a task force to examine these concerns. Has such a task force been empaneled and begun work?

ANSWER: The Commission staff informed us that the task force has not yet been formed.

QUESTION: Are the bases on the list the "cream of the crop," so that additional bases to be closed would not provide as high a level of savings?

ANSWER: The bases proposed for closure are not the only ones that would provide large savings. Certainly there are additional DoD bases that, if closed, would yield large cost reductions. The Commission also testified that there are some bases not recommended for closure that would yield savings within six years of closure. But, in addition to cost savings, the Commission sought to improve the Department of Defense's mission performance by realigning functions and units from bases that were deficient in their ability to support assigned missions to those with an appropriate capacity to accommodate realignment. The Commission argued that it recommended for closure all bases that met the cost and mission criteria. CBO has no independent basis for concluding that there are additional bases not on the Commission's list that would meet both criteria.

QUESTION: The Commission completed its work very quickly. How carefully were the results checked? Is it possible that significant errors were made that would affect the final results?

ANSWER: CBO is not auditing the validity of the data used by the Commission. That is being done by other groups, including the General Accounting Office. We understand that those audits have raised some concerns.

CBO is reviewing whether the Commission made correct use of the data it received and how the Commission's economic assumptions affect its findings. So far, our review has discovered some errors but none that would substantially alter the Commission's conclusions.

QUESTION SUBMITTED BY SENATOR INOUYE TO MR. HALE

QUESTION: Mr. Hale, you and your colleagues have spent a lot of time over the last six months reviewing the base closure process.

-- In your opinion, are there areas the Commission should have examined, but did not?

ANSWER: The Commission addressed all of the major elements of costs and savings associated with base closures and realignments. However, the Commission chose not to include certain costs, such as federal impact assistance, in its estimates. Although federal impact assistance to communities affected by base closures has varied widely in the past and is difficult to estimate, it is a significant cost to the federal government and should be included--at least on the basis of averages-- when estimating one-time costs.

The Commission also elected not to include the costs of environmental cleanup since the government is required to clean up a base regardless of whether it is being closed. Nevertheless, the decision to close a base could require significant funding in the Department of Defense's Environmental Restoration Plan. These unanticipated expenditures will have to be identified and considered in the context of overall defense and federal budgetary constraints.

QUESTION SUBMITTED BY SENATOR KASTEN TO MR. HALE

QUESTION: In your statement you mention the lack of financial incentive for DoD to close bases. What recommendations do you have regarding this area? How would this affect other Departments within the government? Is this something you would prescribe for all branches of government?

ANSWER: The base closure act may provide incentives to DoD to close bases. The General Services Administration (GSA) is currently responsible for managing the disposal of excess governmental property--under the Federal Property and Administrative Services Act (FPASA). Under the provisions of the FPASA, revenues from the sale of such property are assigned to the government's general fund. If the Congress approves the recommendations of the Commission on Base Realignment and Closure, however, it will authorize the DoD to manage the disposal of surplus defense properties resulting from the closure and realignment of bases. The Base Closure and Realignment Act permits DoD to apply any revenues gained from the sale of land and assets to the costs of closing and realigning military bases. Under this arrangement, DoD has an incentive to proceed with the Commission's plans that would be lacking under the former disposal management process managed by GSA.

The Commission also recommended other legislative changes that would affect incentives. Under provision of the FPASA, federal agencies are permitted to claim surplus properties prior to public sale. The Base Closure and Realignment Act direct DoD to manage the disposal process in accordance with FPASA; thus, DoD would have to recognize such prior claims. The Commission, however, recommended that the Congress provide legislative relief from the restrictive provisions of FPASA. If the Congress chooses to do so, it could limit the prerogative of agencies to claim surplus governmental property, thereby increasing the chance that sale would yield revenues.

You also asked if other departments or branches of government should be granted authority to dispose of surplus property. We assume such as change would provide incentives to other departments similar to those facing DoD and so might maximize revenues obtained from disposals. Such a grant of authority would, however, involve a change in the law, and CBO does not normally make recommendations regarding legislation.

SUBCOMMITTEE RECESS

Senator **Inouye**. The Subcommittee on Defense will stand in recess until tomorrow at 2 p.m., at which time we'll meet in closed session to review intelligence programs.

Mr. Hale, Dr. Glass, I thank you.

Mr. **Hale**. Thank you, Mr. Chairman.

Dr. **Glass**. Thank you, sir.

[Whereupon, at 3:46 p.m. Tuesday, April 4, the subcommittees were recessed, to reconvene at the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1990

THURSDAY, APRIL 6, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9 a.m. in room SD–106, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, DeConcini, and D'Amato.

NONDEPARTMENTAL WITNESSES

HEARING PROCEDURE

Senator INOUYE. The subcommittee will come to order. Today the subcommittee will receive testimony from public witnesses on a broad range of topics covered in the defense bill. In order to complete the hearing, we will have to receive the full cooperation of all of you here this morning.

As some of you are aware, today is an historic day, the 200th anniversary of the first meeting of the U.S. Senate. And as a result, we are having certain historic ceremonies at 11 a.m., which will mean I will have to vacate this room by no later than 10 a.m. to 11 a.m..

Therefore, we have requested that your presentation be limited to no more than 10 minutes. However, I assure all of you that your full statement will be made part of the record, and anyone who knows me will tell you that I read every statement that comes through here.

So I thank all of you for making the effort to be with us this morning to share your views. This morning we will begin our hearings with the Director of Government Affairs for Georgetown University Medical Center, Ms. Mary S. Albert.

Ms. Albert.

HEALTH SERVICES

STATEMENT OF MARY S. ALBERT, DIRECTOR OF GOVERNMENT AFFAIRS, GEORGETOWN UNIVERSITY MEDICAL CENTER

Ms. ALBERT. Thank you, Senator Inouye.

I am Mary Albert, director of government affairs at Georgetown Medical Center. I regret that Father Collins and Father George could not be with me this morning.

HEALTH PROFESSIONS SCHOLARSHIP PROGRAM

The testimony that I have submitted for the record concerns three topics. The first is the health professions scholarship program. The three services together have some 37 scholarship positions. Young men and women who are accepted to medical school and accepted into the program become commissioned officers in their respective services, receive books, fees, tuition, and a living stipend. And when they have completed their training, they have a 1-for-1 year payback.

It is a wonderful program. Our students are very grateful for the scholarship opportunity. The schools are happy to have this scholarship opportunity. All the schools of medicine and osteopathy have students in the program and appreciate this opportunity. And I think most important, it is the major source of medical manpower for the three services.

So we want to thank you and commend you for this program.

DIGITAL IMAGING NETWORKING SYSTEM

The second topic is to tell you about an exciting program. It is called the digital imaging networking system [DINS]. Our department of radiology is working with the Army and with MITRE to develop filmless x-ray. It is amazing. X-ray images will be digitized and put on magnetic tape and on electronic cards.

This means that the information is portable and can be transmitted to distant location. It is a beautiful example of research which is of great interest to the military because it has obvious wartime advantages, and also of great interest to the civilian health care system.

And we think it is exciting. We have had a leadership role in it and we expect to continue to have this leadership role.

CHAMPUS

Our third topic is CHAMPUS. Our experience with CHAMPUS has been less than happy, and we understand that this is true of our colleagues in health care.

We have just completed a dramatic example. A Marine Corps sergeant assigned to Quantico had his young daughter transferred to our hospital. She was respirator-dependent; she was developmentally disabled. She was very sick. That child has been in our pediatric intensive care unit for 3½ years.

Our doctors worked very hard and with nursing support stabilized her, and we agree with CHAMPUS that she has not needed for the past year our acute care. They have been no help at all in helping us find another site. We finally found an institution in Virginia that would accept this child and she was transferred because she was eligible for Virginia Medicaid benefits.

CHAMPUS retains the responsibility for this youngster and we believe they owe us a lot of money for the very expensive acute care that we gave her. We may need to come to the Congress for help on this, and we bring it to your attention because we feel our experience with CHAMPUS is not an isolated case.

That is my testimony. I would be happy to answer any questions.

MILITARY RETENTION PROBLEMS

Senator **Inouye**. Thank you very much, Ms. Albert.

As you may be aware, the military is having great problems in the retention of certain skilled personnel. For example, the Navy and the Air Force have problems in retaining pilots. All the services have problems retaining physicians.

The market outside is much more lucrative. In order to retain doctors, they have set up a special bonus scale. Do you think that bonuses should be given in a scaled manner so that orthopedic surgeons receive more than internists, or neurosurgeons get more?

Ms. **Albert**. Well, the compensation of physicians, as you know, is a lively issue, not only in the military, as Medicare considers the physician fee schedule. I do think it will be difficult for the military to retain their specialists in specialty unless they can offer some advantages which are somewhat comparable.

I do not think they need to be comparable in every case, but I do think it is important for the military to have a stable source of manpower.

SCHOLARSHIP PROGRAM

And our young people in the scholarship program, after 4 years of service in medical school they owe 4 years of service. This is important. The students can then go on and the military does not have the retirement obligations for these personnel. This is a program which is only a partial solution.

Senator **Inouye**. As to your concern on CHAMPUS, we share that concern. However, you must be aware that CHAMPUS has been the fastest-growing program in the military services. The increase in funding has been greater than our weapons systems, percentagewise that is.

So they are in the process of trying to cut down the costs, and I presume they are in this transition stage. I hope that all of us can bear with the administration of CHAMPUS. We are doing our best.

Ms. **Albert**. Thank you. I understand that they need to cut costs, but at the same time we think that their bureaucracy needs to be a little bit more responsive to the providers of health care.

Senator **Inouye**. I agree with you.

Thank you very much.

[The statement follows:]

Statement of Mary S. Albert

Mr. Chairman and Members of the Subcommittee, I am Mary S. Albert, Director of Government Affairs for the Georgetown University Medical Center. With me is Mr. Samuel Harvey, Vice President of Georgetown University. I regret that Fathers T. Byron Collins, S.J. and William L. George, S.J. cannot join us today.

Georgetown would like to present testimony on three matters: the Armed Forces Health Professions Scholarship Program (AFHPSP); an interesting radiology research program we have been working on for the Army, and CHAMPUS.

Armed Forces Health Professions Scholarship Program (AFHPSP). In this program, students enroll in a scholarship program for their medical school training. They are commissioned as officers, and receive tuition, fees, books, transportation, and a living stipend. They are obligated, upon completion of some or all of their postgraduate training, to serve as medical officers for each year of scholarship support.

This has been a wonderful program for the services, the medical schools in the US (most of which have students in the program) and for the medical students participating in the program. The program has a total of 3700 scholars, more or less evenly divided among the services, and remains the services' major source of medical manpower. At Georgetown, we have 111 students distributed over the 4 year curriculum. We know that the program has become increasingly competitive. The young men and women selected are the cream of the crop.

We commend you for a program that works very well.

Digital Imaging Network System (DINS). The DINS project, supported by the Army Medical Research and Development Command, has the objective of improving medical imaging services in combat and peacetime environments. The DINS concept represents a totally filmless radiology service where image acquisition, display, storage, and distribution are managed electronically.

In DINS, X-ray images and diagnosis will be readily accessible for viewing in any part of a hospital and the use of the electronic archive will eliminate losses currently experienced in film-based services. When a patient must be transported, he is given a small data card that contains his medical information and images. Images can be transmitted from remote sites to central locations for expert consultation. The full implementation of such technology will provide increased productivity and significant cost savings especially in the military health care system where the required—logistical support for film-based services is very costly and there is a shortage of qualified personnel.

Georgetown University Hospital has been a successful demonstration site where the full spectrum of available technology has been integrated for clinical evaluation. The project has progressed to a point where it can be applied to existing health care facilities and where it can be incorporated into the planning of new facilities.

The success of DINS at Georgetown represents the completion of an important phase. The concept of DINS is not limited to radiology; it must be fully integrated to the entire Hospital Information System. We hope to receive continued medical Research and Development support and to remain involved with the project to integrate DINS with DOD's Composite Health Care System (CHCS) in both new and existing facilities. Clearly DINS is very important to the entire health care delivery system, and it is extremely important for academic health care centers to be closely involved.

CHAMPUS. Our experience with CHAMPUS has had shortcomings. We have just experienced a difficult and dramatic instance of this: an infant daughter of a Marine Sergeant was transferred mom Philadelphia to Georgetown when the father was assigned to Quantico. For three and a half years, this young patient, attached to a respirator, has been confined to our Pediatric Intensive Care Unit. With considerable dedication our physicians and nurses raised the health status of this young patient from a very sick youngster requiring constant acute care to a stabilized chronic care patient on a respirator. CHAMPUS has been reluctant to pay the early (and considerable) costs; has ruled that she is a chronic care patient, but has been of little help in finding a more suitable site for her. Finally, our social workers located a fine private institution in Norfolk where she can receive the developmental support she requires if she is to have life of any quality. She was transferred just last week, largely because Virginia Medicaid ruled her eligible for their benefits, since the mother is residing in the State. We still are discussing with CHAMPUS their responsibility for the expensive past care given this child. The Virginia agencies who have now undertaken support of this child similarly want assurance of continuing support from CHAMPUS. Our understanding is that our problem with CHAMPUS is not unique. Providers of care to CHAMPUS beneficiaries, such as our Hospital, may need Congressional assistance to obtain reimbursement for which they are eligible.

We much appreciate this opportunity to appear before you.

THE AMERICAN LEGION

STATEMENT OF STEVE A. ROBERTSON, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

ACCOMPANIED BY G. MICHAEL SCHLEE, DIRECTOR, NATIONAL SECURITY AND FOREIGN RELATIONS COMMISSIONS, THE AMERICAN LEGION

Senator INOUYE. Our next witness is the assistant director of the National Legislative Commission of the American Legion, Mr. Steve A. Robertson.

If you will use that end mike and speak directly into it.

Mr. ROBERTSON. Thank you, sir. Mr. Schlee is going to be presenting our testimony today, sir.

Mr. SCHLEE. Mr. Chairman, it is a pleasure to be with you.

As you are fully aware, the American Legion now numbers over 3 million members. While there are many things happening in United States-Soviet relations, we do not see a reduction in the current threat.

SUMMARY OF STATEMENT

I would like to highlight three principal areas today. The first, the American Legion has strongly supported the Strategic Defense Initiative since its inception in 1983. We feel that the technology spinoff will certainly over a period of time repay the society for deployment of the SDI.

The second area, we do support continued modernization of our conventional forces. We feel that over the eight years, while there have been some glitches in the program, that by and large the modernization is, No. 1, necessary, and generally successful.

The third area which we feel very strongly about and the most important asset of our military forces, comprising half the budget, are the men and women in service. We strongly support continuation of improvement in military pay and quality of life aspects, which would include health care, child care, and, of course, the commissary system.

We feel that the men and women in uniform deserve the 3.6 percent pay raise that has been proposed in this budget. And the people are really our most important product.

I wanted to summarize my statement. I wish you a happy birthday today and I would be happy to take any questions.

Senator INOUYE. Thank you very much, Mr. Schlee.

Mr. Robertson, would you care to say something?

Mr. ROBERTSON. No, sir; I have no additional comments.

Senator INOUYE. I would like to assure the American Legion that quality of life is uppermost in the minds of members of this subcommittee. Some of us just came back from a visit with NATO, and there we saw the effects of what good quality of life can be to our defense.

It may interest you to know that, as a result of our visit, we will have a new Navy hospital in Naples. It is a disgrace, it is a blemish on the American armed forces to have a hospital of that nature there.

[The statement follows:]

JOINT STATEMENT OF STEVE A. ROBERTSON AND G. MICHAEL SCHLEE

Mr. Chairman, we are pleased to appear before this subcommittee on behalf of the nearly 3 million members of The American Legion. Our view of the defense of the United States is based on first-hand experience, much of it in combat. We know that the next war will be even more terrible than all of the previous wars due to the advances in technologies of the weapons systems in use throughout the world. We, perhaps more than any other citizens, fervently hope that there won't be a next war. In order to see this hope become a reality, it is absolutely imperative for us to hold the line on further cuts from funding appropriated for the defense of our nation.

Despite the Soviet rhetoric on perestroika and glasnost, there have not been significant reductions in the Soviet arsenal of strategic or conventional offensive forces. We all know by now that the Soviet Union will not bargain meaningfully unless presented with strengths which represent threats, to their way of thinking. The Mutual and Balanced Force Reduction talks will go nowhere unless the strategic and conventional defenses of the United States and our NATO allies are modern and credible. Indeed, the Soviets agreed to a treaty limiting Intermediate Nuclear Arms only after the United States developed and deployed intermediate range systems which countered the weapons aimed by the Soviets at Western Europe.

The United States has made impressive gains over the past 8 years in the quantity and quality of service members, weapons systems, and material provided to the Armed Forces. However, many of those gains appear to be at risk. The proposed zero percent growth of the fiscal year 1990 defense budget represents only 5.5 percent of the gross national product and is projected to decline even further to about 5.0 percent of the GNP by fiscal year 1995. That is well below the levels of the Kennedy and Eisenhower years; it is lower than at any time since the Vietnam War. The single most unfair thing we could do to ourselves, to our children and grandchildren, would be to not protect the nation. If we don't accomplish that, domestic spending will count for nothing. Indeed, the perception of the "hollow" Army of the 1970's is beginning to creep back into our vocabulary.

Much has been said and done to hold down spending in the name of reducing the Federal budget deficit, and perhaps some of the deficit reductions should come from Defense. But, to paraphrase Herbert Stein, former Chairman of the Council of Economic Advisors, we can choose to defer deficit reduction or we can choose to defer the strengthening of the Armed Forces. A budget deficit will not put our national security at risk. A deficit in the strength of the Armed Forces could however put our national security at risk.

Mr. Chairman, there are several issues we would like to discuss with the subcommittee today. The first issue concerns the Strategic Defense Initiative. We in The American Legion believe that the United States should proceed deliberately and resolutely toward the continued development and deployment of this system. Former President Reagan's personal commitment to SDI led to the creation of a robust program which has been so successful that President Bush will have the option, during his presidency, of deploying strategic defenses. The fiscal 1990 budget, for the first time, moves part of the SDI program from the research phase and into "full scale development."

The technological spinoffs of SDI continue to be phenomenal. Gallium arsenide memory chips for computers, polydiacetylene for the manufacture of optical switches, research into electron beam transmission with the potential for military applications—none of these discoveries would have been possible this soon had the Strategic Defense Initiative been allowed to die in its infancy.

We are pleased that the Congress has exercised foresight 4 years ago in urging the Department of Defense to submit a two-year budget. In our view, this two-year budget proposal is clearly an idea whose time has come At long last, program managers in the Pentagon will have time to manage their programs instead of worrying about executing the current budget, developing the next budget, and seeking supplemental funding for unforeseen circumstances all at the same time. More importantly, Congressional oversight would be better accommodated and more focused on real problems rather than constantly pursuing an annual authorization process. While we recognize that there may be some problems associated with this process, we also believe that bipartisan cooperation and leadership can overcome these problems and lead to a more efficiently managed defense establishment.

Mr. Chairman, as previously mentioned, the Armed Forces of the United States have seen a modernization effort unprecedented since the mobilization prior to our entry into World War II. We would do well to remind ourselves, however, that the modernization effort is far from complete, and much remains to be done. For example, the modification of the M-1A1 (with 120-mm main gun) Abrams tank is not completed and only about half of our mechanized infantry battalions have the Bradley Fighting Vehicle. The long-awaited AH-64 Apache attack helicopter has not been fully deployed to Army units in the field. Not all Air Force squadrons have received F-16 and F-15 aircraft. Only about one-third of the submarine force is composed of the latest attack subs, and our carriers are still awaiting the receipt of F/A-18 fighter attack aircraft. These modernization efforts must continue if our soldiers, sailors, marines and airmen are to have the best available in modern tools for combat. They can deploy, fight and win, or impose the policy and will of the United States, only if they are properly equipped and trained.

It is for these reasons, Mr. Chairman, that The American Legion urges the modernization of conventional forces, the continued development of U.S. strategic forces, and advocates the expeditious deployment of the MX Peacekeeper missile; it supports the continued upgrade of the B1B Bomber and the development and delivery of the B-2 Stealth Bomber in the early 1990's. The American Legion strongly endorses the earliest possible attainment and retention of a 15-aircraft carrier Battle Group Navy. With its vital global missions of patrolling international sea lanes and retaining the capacity to project seapower and airpower, the United States Navy requires a minimum of 15 operational aircraft carrier battle groups.

Some critics say that these new systems won't work; they are too complicated to maintain, that the troops are not smart enough to use them, that they are too expensive, and cheaper alternatives are available if only the Services would spend more money investigating the alternatives.

Ask the soldiers, sailors, marines or airmen who will be expected to fight with these weapons systems. Almost uniformly they will tell you that the new equipment is better by an order of magnitude than the older systems; that the new equipment is easier to maintain; and their confidence in their ability to fight and win on the battlefield or on the high seas or in the air is higher than it has ever been. In the past 3 years, members of The American Legion National Security Commission have travelled to such installations as Fort Knox, Hill Air Force Base, Pensacola Naval Air Station and Fort Campbell and these members can dispute the critics. They have seen the weapons systems demonstrated and have broken bread with the young servicemen who are in training to use the new equipment on the battlefield. All of these modernization efforts, the M-1A1 tank, the Bradley Fighting Vehicle, the F-16 fighter, represent significant and substantial increases in the ability of our Armed Forces to fight. We also support improvements in the C3I systems, chemical warfare defense and enhanced U.S. strategic mobility improvements.

Since its beginning, The American Legion has been a strong advocate of the citizen soldier concept. We strongly support the necessary funding for the Reserve Forces and National Guard. The Total Force is a reality but the dollars must be there.

We note with considerable interest, Mr. Chairman, that the President's budget contains a 3.6 percent pay increase for the Armed Forces. We would point out that pay comparability between the Armed Forces and the civilian sector is still a goal, not a reality. This country must pay members of the military wages comparable to that earned in the civilian sector or suffer the consequences of recruiting and retention shortfalls. The Department of Defense currently estimates that servicemen and women are paid approximately 11 percent below the civilian sector. As we are aware, the national unemployment rate is at its lowest level in the last 15 years. The Army Recruiting Command reported that during the first quarter of 1989 11 percent of its Regular Army accessions were in the Category IV group, the lowest category of soldiers entering Active Duty. The Army's recruiting challenges in attracting not only the essential quantity of soldiers in upholding its readiness posture but maintaining the quality of its force are directly tied to such factors as the state of the economy and the quality of military life. Indeed, servicemen and women are no different than their civilian counterparts when it comes to career decisions, and they react just as negatively when real or perceived benefits are changed or eroded by inflation or neglect.

Comparable military compensation, as important as it is, is only one factor as to what attracts and retains quality service members in the Armed Forces. Families of military members are a major part of the quality of life equation. As such, military families make an important contribution to the readiness posture of the Armed Forces. Whether a good soldier remains in the Service is often decided by the family's perception of whether an adequate quality of life is being provided by the Service in exchange for the hardship and family separations attendant to military life. Three of the most important of all quality of life programs are health care, retirement benefits and commissaries.

We are concerned with the projection that if a war started today, the Armed Forces would be short hundreds of physicians and, literally, thousands of nurses. This gap must be corrected. It not only translates into potentially increased mortality rates among battle casualties, but also into a serious degradation of medical care for active duty dependents and military retirees and their dependents. We are very concerned with the proposed directive which would force the Department of Defense to charge and collect "user fees" for outpatient care, prescriptions, and hospital admissions from Active Duty dependents, military retirees and their dependents. OMB apparently feels that these fees would eliminate or minimize visits to military emergency rooms and clinics by those "who are not really sick."

Experience has shown that when the quality of a military member and his family's life have eroded, the resultant shifts in morale and exodus from the service are inevitably followed by a significant drop in readiness. The American Legion urges the Congress to fully fund these areas.

Mr. Chairman, attached to this statement are relevant resolutions passed by the last National Convention of The American Legion. We would ask you to accept them in the spirit of their having been offered by concerned citizens who have seen what happens when foreign policy fails, or when some foreign power perceives that the United States is unwilling, or unready, to defend its national interests. We thank you for this opportunity.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 42

SUBJECT: MILITARY PAY AND QUALITY OF LIFE

COMMITTEE: NATIONAL SECURITY

WHEREAS, People are the foundation of our Nation's fighting force; and

WHEREAS, Without highly qualified, dedicated men and women, even the most sophisticated weaponry will not provide the deterrent force necessary for this Nation to remain at peace; and

WHEREAS, Military pay must be reasonably comparable to pay available in the private sector if the Armed Services hope to compete for quality volunteers and retain an experienced military force for the long term; and

WHEREAS, While pay raises have kept pace with inflation, they have not maintained comparable wage growth with the private sector; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that Congress must restore and maintain military pay comparability, or we may, in the long run, see an exodus of those with highly transferable skills and find it extremely difficult to recruit quality personnel; and, be it further

RESOLVED, That Congress must strive to improve those "quality of life" elements which they can influence, such as: improving Aviation Career Incentive Pay, improving medical and dental services, maintaining commissary and exchange store privileges, preserving an attractive retirement system, and maintaining favorable tax treatment of allowances.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 47

SUBJECT: MILITARY COMMISSARY OPERATIONS

COMMITTEE: NATIONAL SECURITY

WHEREAS, The President's Private Sector Survey on Cost Control has recommended that the Department of Defense should terminate the operation of the commissaries in the continental United States except in areas where adequate commercial food stores are not available; and

WHEREAS, The DOD Third Quadrennial Review of Military Compensation (1976) indicated that the value perceived by the service member substantially outweighs the government costs; therefore, commissaries provide physic income that far exceeds the cost; and

WHEREAS, The Joint Chiefs of Staff on January 13, 1983, recommended that the President resist any attempt to alter military retirement to include benefits; and

WHEREAS, Reduced commissary support would undermine the morale of married careerists which is a key element of military preparedness, it would also be devastating to (1) junior enlisted families; (2) widows; and (3) the 100 percent service-connected disabled veterans eligible for commissary patronage; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we strongly support retention of the military commissary system and urge the Administration and the Congress to provide necessary authorization and funding to allow the system to be preserved as an institutional support for our active duty military, military retirees, 100 percent service-connected disabled veterans and widows authorized commissary privileges.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 48

SUBJECT: TOTAL FORCE POLICY

COMMITTEE: NATIONAL SECURITY

WHEREAS, Under the Total Force Policy, Reserve Components are a key element of the total force; and

WHEREAS, In the event of war, Reserve Components would deploy alongside Active Component units, their missions demanding that they be as capable and ready as their active-duty counterparts; and

WHEREAS, It is necessary that our Reserve Components be equipped with the latest weapon systems on a "first-to-fight, first to be equipped" basis if they are to be effective; and

WHEREAS, Current programs call for increased manning, training and readiness; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that Congress be called upon to authorize and fund the most modern weapons systems for use by the Reserve Components; and, be it further

RESOLVED, That we urge Congress to authorize and fund the Reserve Components so as to provide sufficient recruiting and retention incentives to fully man units at the authorized wartime levels in order that they may accomplish their missions in the event of war.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 115

SUBJECT: NATIONAL GUARD AND AIR NATIONAL GUARD

COMMITTEE: NATIONAL SECURITY

WHEREAS, The United States Constitution provided that "the President shall be Commander-in-Chief of the Army and Navy of the United States, and of the militia of the several States...;" and

WHEREAS, The President and the Department of Defense have deployed National Guard and Reserve components of the military departments to 40 friendly nations for training since 1971 under the "Total Force Concept" initiated in 1971 by the Department of Defense and approved by Congress; and

WHEREAS, Overseas Deployment of Training (ODT) is designed to give Guard and Reserve Units better training under a variety of conditions, climates and environments and thereby improve their readiness for the defense of the United States if such should become necessary. At the same time, this training under ODT improves the opportunity for Guard members to learn techniques of survival and personal safety under both combatant and non-combatant situations; and

WHEREAS, The National Guard and Air National Guard have a long and illustrious history of serving the States and the Nation in war and peace, and continue a tradition of militia defense started more than 300 years ago in this country; and

WHEREAS, Most of the nations of Central America are friendly to the United States and welcome our efforts to help establish peaceful relationships in the region and to democratize all Central American countries; and

WHEREAS, Nicaragua's belligerence toward its neighbors and its effort to establish a communist totalitarian form of government similar to Cuba's, threatens the security of Central America and the United States. The Sandinista government's announcement that in plans to expand its armed forces to 600,000 is stark proof on Nicaragua's threats to peace. Supported by Russia and Cuba, Nicaragua is indeed a cause for alarm for all freedom-loving people in the Western Hemisphere; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, fully supports the continued training of units of the National Guard and Air Guard in friendly, allied countries, including Honduras and other Central American democracies that issue invitation to the Guard to train in their areas.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 176

SUBJECT: **THE NUCLEAR FORCE STRUCTURE**

COMMITTEE: **NATIONAL SECURITY**

WHEREAS, The underlying principle of national security policy is to deter war; and

WHEREAS, The Soviets have engaged in a steady build-up of strategic nuclear weapons so that today the Soviet land based force consists of approximately 1400 launchers carrying nearly 6400 warheads over three times those of the United States and despite this significant advantage, Soviet modernization and expansion continues; and

WHEREAS, The Soviets are modernizing their submarine-launch ballistic missiles and their nuclear powered ballistic missile submarines and the Soviets are producing three types of strategic bombers and continue improvements on all of these offensive forces; and

WHEREAS, In developing their strategic nuclear offensive capability, the Soviets have emphasized their intercontinental missiles (ICBMs), and have modernized that force, stressing improved readiness, greater throw-weight, increased accuracy, better command and control; and

WHEREAS, The Soviets have also increased the number of re-entry vehicles and have provided hardened silos to improve survivability and have modernized surface-to-air missiles, improved radar and fighter aircraft capability and improved ballistic missile defense around Moscow and continue to expand and modernize their fighter aircraft force and are spending vast sums on strategic offensive and defensive forces; and

WHEREAS, If the United States TRIAD of ICBMs, submarine launch ballistic missiles and bombers, are to provide a viable and powerful deterrent, continued United States modernization is required; and

WHEREAS, The United States has embarked on an ICBM modernization program deploying the Peacekeeper Missile and developing a single warhead small ICBM deployed on hardened mobile launchers, but because of budget constraints the Small

Intercontinental Ballistic Missiles have been terminated with only minimum funding to allow the next Administration the option to restart the Small ICBM program; and

WHEREAS, A force of penetrating bombers employing long range cruise missiles, gravity bombs and short range attack missiles, precludes the Soviet planning from optimizing defensive forces against a single threat and requires massive allocation of resources to defense; and the Air Force Bomber Modernization Program is designed to counter existing projects Soviet defense improvements; and

WHEREAS, A modernized TRIAD will complicate Soviet attack planning to the point that no Soviet planner could count on a successful attack on the Air Force makes major contribution to this viability by modernizing its two components, namely land based ICBMs and manned strategic bombers; and

WHEREAS, Continued exploration of other areas of advanced ICBM technology such as maneuvering re-entry vehicles, earth penetrating weapons and future generation penetration aids is of vital importance to our national defense; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that The American Legion supports as essential elements in the TRIAD the modernization of the Intercontinental ballistic missile, including the improvement and further additional production and development of the Peacekeeper Missile System, the restart of the Small ICBM Program, the maintenance and improvement of the Minuteman capability including improvements on responsiveness, accuracy, penetration aids upgrade and improved reliability through repair of parts and facilities, the development of new technologies directed toward development of penetration aids systems for each of the said ICBMs and a bomber modernization program including the modification of the B52, the further development and improvement of the B-1B Bomber, and the B-2 Stealth Bomber; and, be it further

RESOLVED, That together with the modernization and development of these strategic Air Force Programs that the United States continue to develop its nuclear force structure necessary to deter the Soviet Union while minimizing destruction to the United States if attacked and to continue advanced research efforts so as to enhance the survivability, penetrability and performance of United States ICBMs.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 180

SUBJECT: STRATEGIC BOMBER FORCE

COMMITTEE: NATIONAL SECURITY

WHEREAS, Over the past several decades, the modernization of the U.S. Strategic forces had not kept pace with the relentless growth of Soviet nuclear capabilities, and our deterrent posture has eroded so that we now face a formidable challenge; and

WHEREAS, An announced comprehensive plan for modernizing our strategic forces includes upgrading the B-1B Bomber in the 1980's while we pursue vigorous development of the B-2 Stealth Bomber for deployment during the 1990's; and

WHEREAS, The B-1B Bomber is a multi-role bomber capable of performing both nuclear and conventional delivery missions that can function well into the 21st Century, and when the B-2 is deployed it will serve in a mixed role as a cruise missile carrier and penetrator; its combination of high speed, low altitude tactics, and electronic countermeasures and low radar cross section makes the B-1B an effective penetrator; and although the B-1B program remains within the certified $20.5 billion (FY 81 dollars) cost ceiling, the program funding has been threatened by the Congress and those funds must be maintained to complete and upgrade the work on the B-1B; and

WHEREAS, The B-2 is a long range strategic bomber which will incorporate extensive low observable technology making detection by enemy defenses difficult and will be able to negate Soviet surface-to-air missiles and the advancements of the Soviets in lookdown/shootdown interceptors; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that The American Legion supports the continued upgrade of the B-1B Bomber systems, including the funding of additional development and demonstration of the aircraft's operational capability and the continued development of its defense system followed by the introduction of the B-2 Stealth Bomber with funding to be provided for the development and delivery of the said B-2 Stealth Bomber in the early 1990's.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 181

SUBJECT: PEACEKEEPER MISSILE SYSTEM

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Peacekeeper Missile System is the foundation of the Air Force ICBM Modernization Program; and

WHEREAS, The Scowcroft Commission recommended deploying 100 Peacekeeper Missiles in existing Minuteman Silos to counter the Soviet ability to destroy hardened land based targets, to demonstrate U.S. national will and to provide incentive for arms control; and

WHEREAS, The Congress has approve deployment of 50 Peacekeeper Missiles in existing Minuteman Silos and Congress further directed that deployment of missiles beyond 50 would be subject to Congressional approval of a more survivable basing mode; and

WHEREAS, On the basis of extensive studies the President has selected the Rail-Garrison mode for development; and

WHEREAS, The Air Force has concluded that the Rail-Garrison mode will meet the surviability concerns of Congress as well as the security and deterrent needs of the United States for today and well into the future; and

WHEREAS, The deployment of the Peacekeeper day-to-day in secure areas and dispersing it during times of increased tension, will diversify our strategic forces, enhance deterrence and promote stability; and

WHEREAS, The deployment of the said Peacekeeper Missiles is necessary to encourage the Soviets to engage seriously in negotiating strategic arms reduction; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that The American Legion supports the continued testing and evaluation of the Peacekeeper Missile System, the funding of additional missiles, and the construction of facilities and the development of the Rail-Garrison basing option, and the continued production and deployment of an adequate number of said Peacekeeper Missiles.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 263

SUBJECT: STRATEGIC DEFENSE INITIATIVE

COMMITTEE: NATIONAL SECURITY

WHEREAS, The U.S. has successfully deterred nuclear attack for 40 years through the threat of retaliation, but new technologies may offer improved deterrence through the possibility of the addition of defensive measures against missile attack; and

WHEREAS, A defense designed to intercept missiles, as opposed to a policy of unlimited nuclear retaliation, adheres to the principles of proportionality and discrimination, destroying only enemy nuclear weapons and imposing no harm on innocent, noncombatant life; and

WHEREAS, Even a partially effective strategic defense system would proportionately decrease the effectiveness of Soviet nuclear forces, further contributing to deterrence; and

WHEREAS, Current investment in the Strategic Defense Initiative represents only about 1% of the DOD budget; and

WHEREAS, The Strategic Defense Initiative has compelled the Soviet Union to return to the bargaining table and has spurred concessions from the Soviet Union in arms control negotiations; and

WHEREAS, The Soviet Union has been quietly, but purposefully, developing and deploying elements of their own strategic defense, including anti-ballistic missiles, ground-based lasers and phased-array radars; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that the U.S. proceed deliberately and resolutely toward the development and deployment of a strategic defense system; and, be it further

RESOLVED, That as elements of a strategic defense system, such as ground-based lasers or kinetic kill vehicles, achieve mature development, they should be deployed; and, be it further

RESOLVED, That the Strategic Defense Initiative should not be relinquished in order to achieve negotiation concessions from the Soviet Union.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO : 265

SUBJECT: MILITARY RETIREMENT SYSTEM (COLA)

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Gramm-Rudman-Hollings deficit reduction bill eliminated cost-of-living adjustments (COLA) for retired military and civilian personnel for Fiscal 1986; and

WHEREAS, The Administration's budget request for Fiscal 1987 recommended no cost-of-living adjustments (COLA); and

WHEREAS, Since 1958, the Congress has slowly developed "an automatic mechanism, which would, in the last analysis, guarantee every military retired member that the purchasing power of retired pay to which he was entitled at the time of retirement would not, at any time in the future, be eroded by subsequent increases in consumer prices," (HASC Committee Print #17, Title 27, U.S. Code, May 1982); and

WHEREAS, Since then reductions in the frequency of the adjustment, a series of delays and the implementation of the Gramm-Rudman-Hollings deficit reduction Act have not supported this guarantee; and WHEREAS, If the no-COLA provision remains in effect for the duration of the Gramm-Rudman-Hollings bill (5 years), the real value of retired pay would shrink some 20 percent; and

WHEREAS, The perceptions produced by the continued attacks on military retirement pay have created some disturbing trends in retention rates of retirement-eligible personnel; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that Congress preserve the guarantee of purchasing power for retired military and civilian personnel by insuring that future cost-of-living adjustments are consistent with inflation factors.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 307

SUBJECT: MILITARY INTERDICTION OF ILLEGAL DRUG TRAFFIC

COMMITTEE: NATIONAL SECURITY

WHEREAS, Military priority in the United States should be the defense of our country; and

WHEREAS, The armed forces must continues to maintain the delicate balance between providing assistance for drug traffic interdictions and assuring our national military readiness; and

WHEREAS, A congressional proposal which, if enacted into law, would require the President to deploy the armed forces to stop the flow of narcotics into the United States; and

WHEREAS, This effort to get the Department of Defense more involved comes at a time when the Coast Guard, the force best suited and equipped for drug interdiction, has had its budget severely cut, forcing a drastic reduction of personnel for drug enforcement and patrol; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that it supports the continuation of limited assistance by the Department of Defense to the Coast Guard and other law enforcement agencies for drug traffic interdiction, but it strongly opposes the deployment of armed forces with primary mission of drug law enforcement; and, be it further

RESOLVED, That The American Legion supports increased funding of the Coast Guard for its drug enforcement mission and effectiveness.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 353

SUBJECT: MODERNIZE THE U.S. NAVY

COMMITTEE: NATIONAL SECURITY

WHEREAS, Water covers three quarters of the world, and the United States is an "island continent" washed by the shores of the Atlantic and Pacific Oceans; and

WHEREAS, The Soviet Navy's postwar expansion has created an offense oriented blue water force as a major element in the Soviet Union's global reach that supports expanding Soviet influence from Nicaragua to Vietnam to Ethiopia; and

WHEREAS, Soviet use of sea power has allowed them to challenge U.S. influence in areas of the world most critical to the security of the United States; and

WHEREAS, Our national survival and the security of our allies depend on the ability of the United Stats to maintain sea superiority in order to foster the strategic sealift capability, power projection capability and the strategic combat capability of the U.S. Navy; and

WHEREAS, There is under construction and fully funded all of the ships necessary to attain a 600 ship Navy centered on 15 carrier battle groups, four battleship surface action groups, and 100 nuclear-powered attack submarines; and

WHEREAS, To sustain the 600 ship Navy, a "sustaining rate" of an average of 20 ships per year in new construction will be required; and

WHEREAS, On the 75th Anniversary of Naval Aviation, the U.S. Navy and U.S. Marine Corps have superbly shown the United States' ability to project power, when and where needed to uphold U.S. Foreign Policy; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we support current and future Defense budget to reflect a "sustaining rate" of an average of 20 ships; and, be it further

RESOLVED, That we support the continuing modernization of Navy and Marine Corps aircraft including the F-14 Tomcat, F/A-18 Hornet, A-6 Intruder, AV-8B Harrier, P-3C Orion, CH/Mh-53E Super Stallion, V-22 Osprey, and E-6A TACAMO.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 367

SUBJECT: STRATEGIC NUCLEAR POLICY

COMMITTEE: NATIONAL SECURITY

WHEREAS, The United States has considered that global nuclear war would essentially spell the destruction of civilization, a view which led us in the 1960s and 1970s to accept a steady erosion of our military strategic strength through successive enunciated policies which only confirmed our diminishing relative strength; and

WHEREAS, The continued acceptance of such a policy would lead us to a position of inferior strategic strength, vis-a-vis the Soviet Union, by the mid-80s; and

WHEREAS, A strategic policy which would hold our own citizens hostages to nuclear attack in order to deter aggression lacks credibility because of the Soviets recently developed more accurate and powerful MIRVed ICBMs, having first strike capability; and

WHEREAS, The Soviet Union strategists have long developed their military war machine from the concept of "winning" a nuclear war; and

WHEREAS, In developing their strategic nuclear offensive capability, the Soviets have emphasized their intercontinental ballistic missiles (ICBMs), and have been modernizing that force, stressing improved readiness, greater throw-weight, increased accuracy, better command and control; and

WHEREAS, They have also increased the number of re-entry vehicles and provided hardened silos to improve survivability; and

WHEREAS, There is evidence from the budgets submitted to the Congress that the Administration is attempting to provide our armed forces with improved strategic capabilities to counter the Soviet advances; and

WHEREAS, The development of new capabilities and deployment of anti-ballistic missiles (ABMs) including laser weapons and other scientific breakthroughs, would enhance the survivability of our ICBMs, strategic bomber bases, defense communication sites, military facilities and the civilian population; and

WHEREAS, The improvement of our manned and unmanned capability to intercept and destroy Soviet aircraft and cruise missiles would appreciably add to the deterrence of enemy attack; now, therefore be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we continue to pursue a new strategic nuclear policy which will lead the U.S. to develop the needed strength to destroy Soviet strategic offensive capabilities, rather than to destroy soft targets; and, be it further

RESOLVED, That together with the development of these new capabilities that the U.S. develop the force structure necessary to deter the Soviet Union, while minimizing destruction to the United States, if attacked.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 370

SUBJECT: MODERNIZE THE U.S. AIR FORCE

COMMITTEE: NATIONAL SECURITY

WHEREAS, The free world has learned a very hard lesson; weakness and appeasement lead not to peace, but to war; and

WHEREAS, To keep the peace, we have to maintain strong deterrent forces while we seek equitable and verifiable arms reductions agreements with the Soviet Union; and

WHEREAS, Modernization of our strategic offensive forces was generally deferred during the 1970's; and

WHEREAS, The Soviets have modernized their ICBM forces and have also deployed over 440 SS-20 intermediate range nuclear missiles, of which two-thirds can cover all of Europe and the Middle East; and

WHEREAS, To maintain credible deterrence and a stable nuclear balance, the President, in October 1981, directed the U.S.Air Force to undertake the first comprehensive modernization of our strategic forces since they were built in the 1950's and 1960's; and

WHEREAS, Seventeen major studies since 1974 have found, in every case, that airlift requirements far exceed capabilities; and

WHEREAS, The Congressionally Mandated Mobility Study (CMMS)has concluded programmed mobility capability could not meet current or project requirements, resulting in the CMMS recommending an Air Force capable of providing a minimum objective of 66 million tons per day (MTM/D) of intertheater airlift capability with one-half of the additional forces outsized capability; and

WHEREAS, The only means available to the ground combat forces to deploy and sustain their power is either by air or water; with airlift being the only means likely to have any significant effect; and

WHEREAS, Due to steady growth in Soviet military power and steady improvement in the combat capabilities of their tactical forces, the USAF needs to continue to modernize and expand its own tactical air force; and

WHEREAS, The highest priority for our general purpose forces is to improve readiness and sustainability; and

WHEREAS, Since FY 81 the USAF has more than doubled funding for munitions and spare parts and will continue to fund spares and munitions at the highest possible level; and

WHEREAS, The Soviets are producing approximately 1000 modern tactical fighters per year in contrast with our requested 264; and the Soviet tactical and theater air fores consists of over 6,000 fighters, interceptors, fighterbombers, and medium bombers; and

WHEREAS, The first consideration in employing aerospace forces is gaining and maintaining freedom of action to conduct operations against enemy forces; and

WHEREAS, We cannot expect to achieve numerical superiority against Soviet forces, even with the cooperation of allies; and

WHEREAS, We must exploit our current technological leadership to maintain and improve our qualitative advantage in fighter aircraft, engines, weapon systems and missiles; and

WHEREAS, In space, both the Soviets and the U.S. are dependent largely on satellites for warning, communications, and command and control of their forces world-wide; the Soviets have launched four or five times as many satellites over the past decade as the United States and have the world's only operational space weapons system; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we support:

(1) As a first priority, the USAF's efforts to update strategic modernization. With timely acquisition of 100 Peacekeeper missiles, development of the small ICBM, and deployment and development of a mixed Strategic Bomber forces of B-1B's and ATB's; and

(2) The USAF's greater emphasis and higher priority on global airlift capabilities with deployment and development of the C-5B and C-17 aircraft at the earliest possible time; and

(3) The USAF's continuing goal to adequately fund readiness items and build toward required sustainability levels; and

(4) The USAF's efforts to improve the effectiveness and quantity of its tactical fighter forces available for air-to-air and air-to-ground combat, by achieving the 40 TFW goal by early 1990; development and deployment of the Advanced Tactical Fighter, Advanced Medium Range Air-to-Air Missile (AMRAAM) and the Low Altitude Navigation and Targeting System for Night (LATERN) weapon systems; and

(5) The USAF's continuing effort in support of national priorities in space and the promising Strategic Defense Initiative; and

(6) The USAF's continued work to improve vitally important tactical Command, Control, Communications and Intelligence (C31), in conjunction with the other Services, particularly the Army and Marine Corps; and

(7) The USAF's close coordination with the other services to avoid duplicating assigned missions.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 512
SUBJECT: 15 CARRIER BATTLE GROUP NAVY
COMMITTEE: NATIONAL SECURITY

WHEREAS, The Navy is tasked to meet a wide variety of far-flung national commitments and U.S. guarantees and presence are often secured only by Naval forces, particularly in the Middle East; and

WHEREAS, The Joint Chiefs of Staff have determined that the U.S. needs more than 20 fully structured, manned and supported carrier battle groups to execute the national military strategy with a reasonable assurance of success; and

WHEREAS, A 15 carrier battle group Navy is the force level endorsed by the President and the 97th, 98th, and 99th Congress as necessary to carry out our global peacetime commitments; and

WHEREAS, Based on a rigorous assessment of the global threat to national security objectives, our defense strategy requires 15 deployable carrier battle groups as a peacetime minimum. Any reduction in total carriers available immediately translates to increased operational/personnel tempo, which has historically had an adverse impact on personnel retention and accelerated the degradation in the material condition of ships and aircraft; and

WHEREAS, The 14 carrier battle groups we have today have demonstrated time and time again that they are the single most visible and tangible evidence that the national interest of the United States will be protected around the world. Historically the Navy has been the force of choice for every administration since World War II to protect our vital interests and meet our allied commitments. Our current military operations in the Persian Gulf demonstrate that a maritime superpower faced with a wide range of global interests and a shortage of overseas basing opportunities must look to its Navy to execute national security policy in peacetime and to be on the cutting edge in conflict; and

WHEREAS, To reduce the number of our aircraft carriers would necessitate reducing our commitments, i.e., changing our national security objectives, or finding another way to protect our national interests. No administration, regardless of political persuasion, has been able to solve this particular problem with other types of force; and

WHEREAS, The aircraft carrier battle group will remain a critical element in our ability to meet U.S. national security requirements well into the 21st century; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we strongly endorse and support the earliest possible attainment of the President's goal of 15 deployable aircraft carriers as the absolute minimum number required to ensure U.S. on-scene response to world trouble spots is timely and presents the credible military force in support of our essential national interests; and, be it further

RESOLVED, That the early retirement of one or more of our oldest carriers is an imprudent sacrifice of a major military capability to obtain marginal short-term cost savings.

NATIONAL EXECUTIVE COMMITTEE MEETING
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
OCTOBER 12-13, 1988

ESOLUTION NO.: 10

SUBJECT: CHAMPUS AVAILABILITY

COMMITTEE: NATIONAL SECURITY

WHEREAS, The federal government established CHAMPUS to assist military personnel and their dependents defray the cost of medical care; and

WHEREAS, The cost of medical care continues to increase; and

WHEREAS, Military retirees and their dependents are covered by CHAMPUS until age 65; and

WHEREAS, At age 65 military retirees and their dependents are no longer covered by CHAMPUS, but are then covered by Medicare; and

EREAS, Most retirees are on a fixed income; and

WHEREAS, Medicare covers much less than CHAMPUS and must be supplemented by additional insurance; now, therefore, be it

RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 12-13, 1988, That The American Legion supports Legislation for the continuation of CHAMPUS to all eligible Veterans and their dependents after the age of 65.

NATIONAL EXECUTIVE COMMITTEE MEETING
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
OCTOBER 12-13, 1988

RESOLUTION NO.: 11

SUBJECT: MILITARY MEDICAL CARE

COMMITTEE: NATIONAL SECURITY

WHEREAS, Department of Defense Military installations provide medication and medical services to active duty personnel, their dependents and military retirees and their dependents as recommended by military or private doctors; and

WHEREAS, Medical support for these beneficiaries is woefully inadequate; and

WHEREAS, Some installations have eliminated certain medications for retirees and their dependents while continuing the same medication to active duty personnel based on funding considerations; and

WHEREAS, A nonavailability statement authorizes the beneficiary to utilize local civilian medical facilities and claim renumeration for costs incurred by using the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); and

WHEREAS, CHAMPUS limitations place a heavy burden on service personnel, and many must accept heavy debts to secure the medical care their families need; and

WHEREAS, CHAMPUS has three major differences from commercial medical insurance programs:

1) CHAMPUS limits procedural payments to no more than what eight out of ten facilities in the area charge for those procedures and obtaining current information used to establish present rates is very difficult.

2) CHAMPUS requires a deductible of $50.00 to $100.00.

3) CHAMPUS requires 20 to 25 percent coinsurance to be borne by the recipient. However, in a distinct difference with commercial major medical coverage, there is no limit to the recipient's upper liability; and

HEREAS, The net effect of these CHAMPUS regulations is to cause extended medical care to bankrupt many military families, while others decline to seek treatment because of these regulations; now, therefore, be it

ESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 12-13, 1988, That The American Legion urges Congressional action to focus attention by the Department of Defense and its military departments on the needs of military families and retirees stationed throughout the United States and around the world; and, be it further

RESOLVED, That Congress should fully fund Armed Forces medical facilities to the extent necessary to meet the U.S. Government responsibility to provide adequate medical care to active duty service people, their dependents, and military retirees and their dependents.

STATEMENT OF HON. ALFONSE M. D'AMATO, U.S. SENATOR FROM NEW YORK

Senator INOUYE. Senator D'Amato?

Senator D'AMATO. Thank you, Mr. Chairman. Let me commend you for these important hearings.

Mr. Chairman, I am just going to ask that I be permitted to submit a statement for the record as if read in its entirety, and let me commend the testimony of our witnesses today.

Obviously, we have the problem that you alluded to in attempting to have some kind of cost containment, but at the same time meeting those important needs. It is a hard balancing act, and I am certain with your leadership this committee will play a key role in urging the administration to meet those goals.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I'd like to welcome our witnesses today who come to express their concerns on a wide range of defense topics. I'm very glad that this forum is available for anyone who wishes to be heard. It is an important part of the democratic process that Congress maintains its accessibility to the citizens it represents.

In this period of tightening of the defense budget, it is vital that Congress avail itself of the best advice possible from all quarters on how the national defense can be sustained for fewer dollars. Certain national obligations must be fulfilled. We cannot sacrifice the readiness of our forces in the short or long term. We cannot scrap equipment and facilities or pull back forces without contemplating the effects on crisis mobilization. And, we cannot abandon our obligation to the people who are serving and have served in our Armed Services.

I support increased reliance on Reserve and National Guard forces. The citizen-soldier has always been the backbone and sustaining element of the services. We must provide these units with modern, effective equipment. Also, they must be afforded sufficient training time to be able to respond when needed.

I look forward to hearing from all our witnesses and working with them in developing a sound and effective national defense.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you very much.

I believe that every member of this subcommittee will agree with you, sir, that we can have the best weapons systems in the universe, but if we do not have proper manpower they are just going to be in warehouses. If we are to have the very best and to keep them and retain them, proper pay must be provided, quality of life must be provided.

It is very difficult for some of us who have been more senior to realize that when we went to war in World War II less than 5 percent of the men had dependents in my regiment. Today the average is about 60 percent. I think it is an obligation on the part of the Government of the United States to make certain that spouses and dependents are cared for in proper fashion.

So I can assure you that we will do that, sir.

Mr. ROBERTSON. Thank you very much, sir.

Senator INOUYE. Thank you very much.

Our next witness is the executive director of the Reserve Officers Association of the United States, Maj. Gen. Evan L. Hultman.

Good morning, General Hultman.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF MAJ. GEN. EVAN L. HULTMAN, AUS (RET), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

General HULTMAN. Good morning, Mr. Chairman. It is a pleasure to be with you, sir. And I want to thank you at the outset and all the members of your subcommittee for this opportunity to come and testify.

And certainly I am not going to cover in any detail what is in our written remarks to you, and we appreciate that you will take the time, as we know you have in the past because of the actions which your committee has taken. So I want to deal basically a little with philosophy this morning and the practical problems that certainly you and your colleagues face, and not with the detail that is in here, but the detail will point up what I would like to visit with you for just a few moments.

I feel that what I am about to say here to you is personified by what you saw in your recent visit back to an area in World War II with which you were very familiar, and just this past weekend, transferring it to the Reserve in its modern setting at this moment, I was back at Fort McCoy, which was Camp McCoy back in the days of the 442d and so forth.

And while I was there this weekend with these young men and women, I could not help but think back to these very remarks, and I have changed some of them to emphasize the things that I want to talk to you for a moment about this morning.

ROLE OF RESERVES

The Reserve forces generally, I think we would all agree, are more cost effective within what the capabilities of what a Reserve force is if they are properly managed, if they are properly equipped, if they are properly trained, and if the missions that they are given are those that are unique to a Reserve and can be met by a Reserve.

But only by doing those kinds of missions, those things, smartly, because otherwise we are kidding ourselves in the process, because all of us know and realize that there are certain missions and certain responsibilities that only an active full-time force to a better capability can properly handle.

CAUTIONARY NOTE SOUNDED

And so in this setting it would seem to us that, if we analyze the basic problem in front of you that has come as a result of initiatives of the Soviet President and the problems that that brings to us as well as the opportunities, that I would make one note of caution:

That it seems to us that, even though we all are very much encouraged by what is happening there and we want to do everything to make certain that that process continues, because that is the ultimate protection to peace and the fact that we will never have to go use not only the Active Forces but the Reserve Forces again, I think we must at the same time—and I think this committee has recognized that by the actions you have taken even within the last year—that until we absolutely know with a degree of certainty as to what those motives truly are and then what actually does happen by way of events—and some have happened thus far that are most encouraging—that we must clearly keep our strength up, our strength up in the sense that we cannot walk away from what deterrence really truly means, because without deterrence back here at home we are not going to be in position to meet that responsibility.

Now, in order to do that I think there is not any question then that it follows on that greater responsibility is going to be placed or must be placed on the Reserve forces. And I think that is one conclusion, basically, that all of us have come to, even though we might disagree as to what particular areas those responsibilities might fall in.

CAPABILITY CRITICAL TO SUCCESS OF MISSION

And so, with this kind of a budgetary and a political climate that is a very, very difficult one for you and the members of your committee, we would like to make absolutely certain that there not be any question that, if greater responsibilities are going to be placed on the Reserve, as it seems to follow without any question is going to be the case, that we must have the things that are necessary by way of equipment, by way of the manpower addition in terms of full-time manning, by way of those things, for example, that you referred to, the human qualities that are involved and must be met with reference to family, et cetera, et cetera, if we are going to have any opportunity at all with any degree of certainty to make sure that the Reserve—and when I say "Reserve" I am talking about the Guard and the Reserve in the same word—that they have a fighting opportunity to meet what those responsibilities are, because without it there is no question that we are scheduled for failure.

And so in order that we get to that point, it seems we must start and make certain, as you have done and the members of your committee have done in this past year and in sessions after session prior to that, that we must make sure that that capability is there to meet what the present requirements are.

And if there is to be a cut of any kind, any place, it cannot be a proportionate cut, because that is truly a disproportionate cut when it comes to the responsibilities and then the capabilities of the Guard and Reserve forces, because the beauty of the Guard and Reserve force is that, with those specific missions for which they have the unique capability, we can do it for less.

But by the same token, the corollary is likewise there that when you make the cut there as an equal, proportionate cut, you have made a very severe, disproportionate cut in terms of what their capabilities are with their limited manpower, with their limited resources, with their limited equipment, with their limited training time.

And so I say to you this morning that the Guard and Reserve is ready to take on more responsibilities. I think we can. I think uniquely and honestly we can. But it has got to be done first by making absolutely certain that in that force mix that we are given the responsibilities in terms of missions that truly are unique, and that we do have sort of the added advantage, so as to speak.

And one illustration, if you will permit me just one, is in such an area as the medical area. I have a daughter who is a nurse, was in a combat service support, was the training officer for a combat service support Reserve medical unit, and has now joined the Active Forces to become a full-timer.

She and people like her, uniquely qualified because of their civilian capabilities, their occupation, their training, et cetera, et cetera, and so with a small degree of dollars they can be put in a readiness category.

But the same is not true for certain other specialties and occupations that we are well aware of that are not found out in the civilian life and must be trained and equipped right from the very beginning for that unique responsibility.

So in finality, let me say to you this morning in conclusion that we appreciate what this committee has done by way of the add-ons, for example, in order to give us a better chance on the Guard and Reserve side to meet those missions that we have today.

But we would have to say to you point-blank, as I am sure you know and understand, that we have a tremendous shortfall sitting there at this very moment. And so in order to make absolutely certain, if more missions are to come, in doing what it is we have got to do we must constantly keep in mind what the part of the pie is we have got now and what those needs are and adequately make sure that we can meet those, as well as if additional and new missions are given that we likewise have a fighting opportunity in terms of those things that money and money only can provide for us, that full-time manning, that equipment, that training time, and so forth, that we might have a fighting chance, which I think we then can do, to meet those responsibilities which you have given to us and which this country has given to us since the beginning of time, 200—two centuries ago, because we in the bottom line believe that those capabilities are there, and with that kind of programming, with that kind of support, with that kind of smartness, we are going to be able to hold up our share and continue to meet the responsibilities of the Guard and Reserve.

I am not going to deal with any of the detail. I want to thank you, and I am prepared to answer any questions for you, sir.

Senator INOUYE. May I first thank you for your statement, General, and assure you that, like you, I welcome and I am encouraged by the moderating statements made by the General Secretary of the Soviet Union. However, like you, I remain very cautious. I would like to see deeds in addition to rhetoric, and also to have appropriate verification facilities to make certain that these deeds are being actually carried out.

In the meantime, I can assure you that this committee will do everything to make certain that our defensive requirements are fully met.

Speaking of defensive requirements, with the budgetary restraints being placed upon us, I hope that the Reserve units of the United States realize that more and more responsibility would be placed into their hands. I think this may be a major move that DOD will be making. We are looking to that very seriously.

As far as the Reserves are concerned—I believe I speak for every member—we have had paper Reserve units for too long. We want Reserve units that can meet the mobilization requirements when called upon. That we pledge to you, sir.

General HULTMAN. God bless you, sir. Thank you.

Senator INOUYE. Senator D'Amato?

Senator D'AMATO. I have no questions, Mr. Chairman.

I would like to commend the General for his very concise statement and his illustration. You certainly make the point.

General HULTMAN. Thank you, sir.

Senator INOUYE. Thank you very much, sir.

General HULTMAN. Thank you very much, sir.

[The statement follows:]

STATEMENT OF MAJ. GEN. EVAN L. HULTMAN

Mr. Chairman and Members of the Committee, on behalf of the many men and women from all of the uniformed services who are members of the Reserve Officers Association (ROA), I appreciate having this opportunity to address the FY90 Department of Defense appropriations pertaining to the readiness of the Reserve forces.

Reserve forces generally are more cost effective than active forces when the Reserve forces are properly managed, equipped and trained. Reservists have repeatedly demonstrated that they can do the job. In the past years, the Reserve Officers Association has encouraged the Congress to satisfy the personnel needs and to provide better and more modern equipment to the Reserve Components as an economical way to maintain the readiness of the armed forces in a precarious world.

The initiatives by Soviet President Mikhail Gorbachev to reduce conventional forces in Europe and the appearances of change within the Eastern Block countries have given rise to the perception that we live in a safer world. The perceived diminished threat reinforces the call to reduce the U.S. military presence and commitments in Europe and elsewhere. The perceptions and pressure to draw down forces provide fuel and rationale for large cuts in defense spending to lower the budget deficit. The shifting of missions from the active to the Reserve Components is being touted as the way to reduce defense spending.

A greater reliance on the Reserve Components has merit. In a bipartisan report for the America Agenda project of former Presidents Carter and Ford, the National Security Adviser, Lieutenant General Brent Scowcroft and former Undersecretary of the Navy, James Woolsey, advocate a greater role for the Guard and Reserve. More recently the former Secretary of Navy John Lehman makes a case for shifting significant force structure to the Reserve, and the idea is being advanced by others—in the Congress, the press and elsewhere. The Reserve Officers Association supports a greater reliance on the Reserve but warns that the Department of Defense cannot proceed without clear purpose and direction.

The budgetary and political climate demands that the Department of Defense carefully consider the active and Reserve force mix and develop contingency plans for the phased transfer of missions and structure from the active to the Reserve Components. If budget and political pressures are allowed to drive force and mission changes without careful analysis and planning, readiness will unnecessarily be degraded and resources will be wasted.

ROA urges this committee to direct DoD to undertake a force mix study and develop total force plans to meet our defense needs in the 1990s. "Smart" mission transfers should be made, but they will require an analytical, forward look.

Whether driven by the budget, world perceptions or analytical studies, it seems inevitable that there will be a continued mission/structure shift from the active to the Reserve forces.

Traditionally, force structure is transferred to the less expensive Reserve components to preserve it for future contingencies. The saving is made by placing it in the Reserve. However, mission transfers are not always accompanied by essential manpower required to effectively manage force growth, the equipment necessary to assume maintenance of combat capability, nor the funding needed to train the force to required readiness levels. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve and the active forces, combat capability and readiness must suffer.

In his 9 February budget message, President Bush projected Defense Department outlays of $291.2 billion in FY90 and $298.8 billion in FY91, $2.6 billion and $5.9 billion less, respectively, than President Reagan had projected for those years. Because the administration has yet to provide budget details, we are unable to anticipate just what budget priorities might be. History suggests that the Reserve Components will be subjected to a sharper budget knife than will be the active forces.

ROA wishes to thank the Congress for personnel programs improvements and for the significant gains made in modernizing the equipment of the Reserve forces during recent years. To a great extent, this has been initiated by Congress, not Pentagon budget requests.

Before addressing the needs of the respective services, I would emphasize, in these days of shrinking budgets, the importance of keeping our "powder dry". ROA recognizes that the world is not static and welcomes some apparent changes in the Soviet Union and East Bloc countries and the lessening of tensions. However, ROA reminds the Congress that we have yet to see the fruits of Mr. Gorbachev's initiatives. ROA encourages the Congress to pursue peace through strength until we can determine whether that which is perceived is strategic change, rather than tactical retreat.

ARMY RESERVE

The United States Army Reserve (USAR) needs this committees help in several areas if it is to continue to improve its go-to-war capability/readiness as an essential element of the Total Army. The USAR has, with your assistance, become the best Army Reserve this nation has ever had. As you well know, today's USA with increased missions and heightened mobilization readiness employs and deploys in many cases prior to units of the active component. It appears, however, that an ironic turn of events has been born out of its success. The original and continuing fact is that the Reserve Components are inherently less expensive to operate then their counterparts on active duty. Studies of cost savings range from up to 47 percent down to 25 percent. Yet the Army Reserve has taken inappropriate cuts in the President's budget when compared to the rest of the Army. In the past, Congress, in its wisdom, has countered the budget presentations with vital programs such as Dedicated Procurement for Army Reserve equipment, Operation and Maintenance Army Reserve (OMAR), Reserve Component Automation System (RCAS) and Military Construction Army Reserve (MCAR) add-ons. We know that this committee understands the exceptional value of the Army Reserve and will continue to provide the kinds of appropriation support required to allow the USA to maximize its cost effectiveness while continuing to improve its readiness.

We strongly recommend that this committee support a vital change needed in the present expensive, dysfunctional command and control structure of the Army Reserve—a change that will greatly reduce administrative overhead, remove bureaucratic layering and ensure that every appropriated dollar possible reaches the soldiers who require it for training and equipment. Since the passage of PL 90-168, Congress has continually questioned the Army on why the Chief Army Reserve is not dual hatted as is the commander of his component in the Air Force and Navy. The Army must make this change happen. As the executive director of a joint service organization, I constantly observe all the services and their Reserve Components, and I must state for the record that the Army is the most cumbersome. The time is right to bring all of our Reserve Components into peacetime alignment and into compliance with the intent of PL 90-168—we can no longer afford not to.

The Army Reserve's request for a modest growth in full-time support, both AGR and Army Reserve technicians, is an important readiness enhancement that the committee should approve. These individuals are desperately needed in order to field new Army Reserve aviation and combat service support unit activations as well as to staff critical doctor and nurse recruiter positions. It has been the presence of full-time support personnel and, in particular, the AGR that has brought the Army Reserve to a state of readiness that enables it to take on missions along side the active component in support of ground force contingency plans.

We believe that the Chief Army Reserve's budget request accurately reflects what the Army and DOD want to present to Congress. We do not believe, however, that it reflects the totality of the minimum essential resources that the USAR needs to properly accomplish its mission. The appropriation that most glaringly illustrates this point is Operations and Maintenance, Army Reserve (OMAR). Critical items that are now "unfunded" include:

- $30.5M to reduce the 2.3B backlog of maintenance and repair (BMAR)
- $10.0M to reduce the Organizational Clothing and Equipment (OCE) backlog by 10 percent.
- $10.0M to replace funding diverted from the Supplies and Equipment account to pay for additional 397 Military Technicians being hired in FY89.
- $6.0M to fund the Scholarship Training for Army Reserve (STAR) medical training program utilizing civilian schools near soldiers' homes rather than military schools (Funds 1000 students).
- $5.6M to fund leasing of space for Army Reserve Centers to accommodate unit activation and/or unit relocations.

Mr. Chairman, there is another issue that needs the support of this committee to give the Army Reserve capability to properly provide general officer leadership to a structure that has greatly expanded over the last 35 years. Legislative changes to update Title 10 U.S. Code should include three areas:

An appropriate increase in the authorized number of Reserve Component general officers (Section 3218, USC 10) to a level commensurate with the expanded RC mission of 1990 and beyond.

Relief of the requirement for a Reserve Component general officer candidate to be assigned to a Reserve Component general officer position prior to being nominated for promotion.

Removal of all Reserve Component general officers temporarily on active status working directly with their component from the active component authorized general officer strength.

The US Army Reserve is a dynamic, integral and essential part of today's Total Army. These citizen soldiers—who are our sons and daughters, relatives, neighbors and friends—deserve their nation's support. A healthy Army Reserve pays enormous benefits to our great country; benefits that yield a tremendous amount of deterrence for a most reasonable cost.

AIR FORCE RESERVE

We are proud that the Air Force Reserve is combat ready and supplied with modern equipment and well-trained, motivated personnel. This past year, the AFR has once again demonstrated its readiness and the excellence of its personnel.

In the highly competitive SAC Bombing and Navigation Competition, a Reserve crew was selected as the "Best KC-10 Crew". This 452nd Air Refueling Wing crew from March AFB, California, amassed a score of 98.55, out of a possible 100 points.

An example of the capability of Reservists to respond rapidly to real world contingencies is the AFR's C-141 Unit at Andrews AFB, Maryland. Last March, a reserve crew from the 459th Military Airlift Wing responded to an urgent request to support the deployment of the 82nd Airborne Division into Honduras. They flew the first aircraft into Palmerola Air Base, Honduras in support of the no-notice JCS Exercise "Golden Pheasant."

Despite the demonstrated combat capability and readiness of the AFR, the Air Force continues to "double-dip" the AFR in response to severe pressure to reduce the Air Force budget. Notwithstanding the significant savings made when force structure is transferred to the Reserve Components, the Air Force continues to propose additional so-called "fair share" across the board cuts to AFR and active force structures and appropriations.

Once again, the Air Force proposes to reduce aircraft and aircrew positions in the Air Reserve forces. As we pointed out last year, the proposed savings will not begin to equal the loss of investment in six million dollar pilots who will be lost to the total force. In view of the continued hemorrhage of pilots from active duty, the argument that there should be more pilot slots in the Air Reserve Forces, not less, is compelling. We propose that the Air Force "robust" existing units with more aircraft rather than less. This option increases Reserve pilot positions, unit combat capability, and cost-effectiveness without any increase in overhead.

The following table summarizes the proposed cuts in Air Force Reserve structure and the cost of restoring them in the fiscal year 1990 budget. ROA urges the committee to once again make this adjustment as it did in the fiscal year 1989 appropriations:

AIR FORCE RESERVE—FY 1990 FORCE STRUCTURE RESTORATION

Aircraft/Location	Drill strength	Civilian strength	($ K)		
			O&M, USAFR (3740)	RP, AF (3700)	AP, AF (3010)
4 C–130B, Peterson AFB, CO	119	32	2,979	936	1,167
1 AF–130A, Duke Field, FL	70	17	1,557	629	411
1 HH–3H, Homestead AFB, FL	14	5	457	145	98
6 F–16A/B, Tinker AFB, OK	159	22	2,297	935	3,073
1 HC–130H, Portland IAP, OR	37	10	894	315	323
Total	399	86	8,184	2,960	5,072

In addition to maintaining the existing force structure, modernization of equipment is still a high priority for the AFR. The procurement of MH-60G helicopters for the AFR, begun by the Congress last year, remains as the number one equipment requirement. Sixteen MH-60G aircraft are needed to replace the remaining aged K-3 helicopters in the AFR. We recommend that the Committee add the necessary funds to procure these sixteen aircraft in FY90.

Another initiative addressed by the Congress in previous years, is the critical need for defensive systems to protect the AFR's tactical fighters and airlift aircraft. Without these systems, tactical aircraft cannot survive in the high threat environments in which they will have to operate. Despite the add-on funds for miscellaneous equipment previously provided by the Congress, many requirements are still unmet. ROA recommends that $35 million be added to the FY90 budget for defensive systems for AFR tactical aircraft.

The modernization of the C-130 fleet in the AFR, initiated by the Congress, has been an outstanding success. Because the 757th Tactical Airlift Squadron at Youngstown, Ohio, received only six C-130H aircraft in last year's procurement, two more are needed this year to complete the replacement of old C-130's in that unit. We recommend that the Committee continue to support the C-130 modernization program.

Combat capability depends as much upon Reserve personnel, full-time support personnel, and Operations and Maintenance (O&M) accounts as upon modern equipment. AFR O&M accounts show significant reductions in the FY90 budget request, the only Air Force component to do so. We urge the Committee to address the shortfall and to favorably consider the need for an additional 188 Air Reserve Technicians to improve medical and combat support unit readiness at a cost of only $5.7 million.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready fighting force. Exercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

NAVY AND MARINE CORPS RESERVE

ROA supports fully the position of the Chief of Naval Operations that a Navy of at least 15 deployable carrier Battle Groups, four Battleship Battle groups, 100 Attack Submarines, Amphibious Lift for a Marine Expeditionary Force and a Marine Expeditionary Brigade, plus sufficient Strategic Submarines, Support Ships, and Strategic Sealift is required to meet effectively today's worldwide commitments and wartime scenarios.

If it is determined we can not afford, in a fiscal sense, a Navy of the size outlined by Admiral Trost, then we must also acknowledge that a smaller force mandates that the Navy and Marine Corps team have a smaller operational commitment. The prospect of a "come-as-you-are" war or short fused contingency operation mandates that the forces available are fully ready.

A smaller force stretched to meet the deployment schedule associated with the Navy's global responsibilities of today will lead to a return of the sharp degradation of readiness that was the hallmark of the seventies. Our nation cannot afford to again experience that bitter lesson.

FORCE MIX

Last year, planners within the Pentagon were considering seriously the imminent transfer of 16 Brooke and Garcia class frigates from the active force to the Naval Reserve as an alternative to the planned decommissioning of these ships to meet fiscal and manpower ceilings. ROA testified in opposition to this action on the basis that such a transfer would be grossly impractical. Fortunately, wiser heads prevailed and the ships were decommissioned.

Such a flurry of planning activity must not be the way issues of force size and force mix are resolved. ROA has strongly recommended that the force size/force mix issue be addressed fully and promptly.

ROA's position is that reductions in the active force structure are a "given." The questions associated with this premise which must be answered include:

Which mission capabilities will we reduce and to what degree?

How will these changes be phased over time?

How much of these mission capabilities can we prudently plan to do without?

What new or expanded mission capabilities will be transferred to the Reserve forces?

ROA is concerned that some will see the transfer of forces or mission responsibility to the Reserve components as the easy and universal panacea.

Nothing could be further from the truth.

There are limitations on the number of Reserve personnel available to man new or expanded mission areas.

There are limitations on the availability of Reservists to perform required additional training or to meet operational requirements of their parent services short of war or national emergency.

It is interesting to note that the Navy, in its most recent report to the Congress on its total force, expresses a belief that existing Presidential authority to recall Selected Reservists, when required for non-mobilization contingencies, should be used to meet operational requirements, but has also called for planners to "consider the level of risk inherent in force mix decisions resulting in all, or nearly all, of a specific Navy capability being assigned to the Naval Reserve."

The Navy has taken its own caution to heart. The new construction Avenger class Mine Countermeasures ship mix will now be five active force, nine Naval Reserve instead of the original plan to place all 14 ships in the Naval Reserve.

FORCE MODERNIZATION

Today's Guard and Reserve is much more capable and more ready than at the beginning of this decade. However, more needs to be done to equip, modernize and train the existing Reserve force. Additional, not less, funding is required for the Reserve Forces.

For example, Naval Reserve frigates are at a high state of readiness, but their capability to accomplish their Anti-Submarine Warfare mission is becoming less as Soviet submarines become more difficult to locate.

In recognition of this situation, ROA adopted a resolution at our recent Mid-Winter Conference which urges Congress to authorize and fund the upgrade of all FFG-7 and FF-1052 ships with SQQ 89 signal processors and SQR 18A towed arrays, as required, and to authorize and fund the ongoing block upgrade program for the LAMPS MKI helicopters.

Modernization of these ships and helicopters will provide a significant ASW capability improvement at a relatively modest cost.

For example, the block upgrade program which enhances Naval Reserve SH-2F helicopter to a "G" configuration will require the addition of $45 million a year over the budget request for FY90 and FY91 to sustain this highly cost effective program initiated by Congress in 1987.

This $45 million will fund conversion of six aircraft per year with the new T700 engine which permits a significant increase in range and on-station time plus an avionics package nearly identical to the SH-60F and an on-board acoustic processor and data link.

This configuration is the result of a Navy study, mandated by Congress, to find the best ASW solution for the ships, such as the Naval Reserve frigates, that would not accommodate LAMPS MK3 SH60 helicopters.

The Navy has a critical shortfall in organic inter theatre airlift capability. The Center for Naval Analysis (CNA) Navy Organic Airlift Study documented a requirement for additional logistic aircraft to support wartime fleet operations including 19 C-130's and 29 C-20's.

Virtually, all of the Navy's airlift is operated by the Naval Reserve. These aircraft support Navy peacetime and contingency operations while training for mobilization. In fact, Naval Reserve C-9 aircraft, during an average week in 1987, airlifted 7,700 passengers and 240,000 pounds of cargo, but was limited to fulfilling only 60 percent of peacetime requirements because of its shortage of aircraft.

In recognition of these facts, ROA is recommending that the Congress authorize and fund a multi year plan to address this equipment shortfall. ROA recommends procurement of 4 C-130H aircraft in FY90 ($87M plus $3M in initial spares) and four more in FY91 plus the procurement of 2 C-20F aircraft to replace the obsolescent 35 year old C-131H aircraft located at Andrews AFB ($49.6 M) plus the procurement of a third C-20F in FY91 to complete the modernization of the Andrews squadron.

In a like manner, the Marine Corps Reserve needs Congressional action to add funding for the procurement of two KC-130T aircraft in FY90 ($50 M) and FY91 ($53 M), plus $5M for spares each year. These aircraft are part of the last six KC-130T's needed to complete the squadron at Stewart Air Base N.Y. and, thereby, provide the Marine Corps with a capability to perform the essential missions of refueling long range fighters or low-level, low-speed helicopters.

FORCE MANNING

A key element in the effectiveness of any military unit is the personnel. Is the unit fully manned? Are the assigned personnel trained and ready to perform?

ROA strongly supports the small growth in Selected Reserve personnel requested for the Naval and Marine Corps Reserve reflected in the table below:

SELECTED RESERVE END STRENGTH

	Navy		
	FY89	FY90	Change
Drilling	130,609	130,880	+271
Full time support	21,991	22,320	+329
Total SelRes	152,600	153,200	+600
	Marine Corps		
Drilling	41,655	41,699	+44
Full time support	1,945	2,301	+356
Total SelRes	43,600	44,000	+400

The proposed growth in Full Time Support (FTS) personnel is particularly important. Both the Naval and Marine Corps Reserve have had limited or no growth in this essential area during the past few years. The failure to permit growth in the number of full-time active duty personnel needed to train, administer and support an expanding Reserve with more complex equipment has been a glaring example of the misconception that new or expanded missions can be transferred to the Reserve components without the required resources.

Cost effective incentive pays are also needed. The Naval Reserve is manning assigned ships at a high level and the dedication of Naval Reservist assigned is unquestionable. However, the nature of service on a Naval Reserve ship, underway on Friday to return late Sunday, often operating under arduous conditions at sea the entire weekend, has created higher than desired personnel turnover. The result is an expansive training problem.

For several years the Navy has proposed, and now, for the first time, the administration has supported a proposal to authorize a new unit incentive pay on a test basis.

This incentive would permit payment of an additional $10.00 per drill per month (not to exceed $50.00 per month) to enlisted Selected Reservist assigned to critical "hard-to-man" units. The Navy plans to test the efficiency of this new incentive pay on the Selected Reserve crew members of the Naval Reserve Force ships. This modest incentive will recognize the arduous nature of this duty and should increase unit readiness and decrease training costs by reducing personnel turnover. ROA strongly supports this initiative and urges this committee to do the same.

GENERAL PERSONNEL ISSUES

Reserve Officer Personnel Management Act [ROPMA].—The need for legislation addressing appointment, retention, promotion and retirement of Reserve officers is crucial to the management of the Reserve Component. When the Defense Officer Personnel Management Act (DOPMA) was adopted in 1981 for the active component personnel, it was understood that ROPMA would follow as a counterpart to replace ROPA (Reserve Officer Personnel Act).

ROPMA was introduced in the 99th and the 100th Congresses. On 26 January 1988, when Congressman G.V. (Sonny) Montgomery announced his introduction of a ROPMA bill (H.R. 3856/100th Congress) at a Reserve Officers Association Mid-Winter Conference at the Washington Hilton, the 500 Reserve officers attending responded to the announcement with a prolonged standing ovation.

In its Annual report of the Reserve Forces Policy Board, the Reserve Forces Policy Board states that among other issues, ROPMA would:

- Provide common statues for all Reserve Components regarding appointment, promotion, separation, and retirement of Reserve Component officers.
- Establish a visible, uniform, and improved personnel management system for Reserve Component officers not on the active duty list.
- Provide the flexibility to be responsive to changing officer requirements.
- Provide a balance between management objectives and equitable treatment of individual career expectations, including an attractive career progression for Reserve Component officers.

In its conclusion, "The Board recommends that passage of the proposed ROPMA legislation be given priority by the Congress."

The House Armed Services Personnel Subcommittee held hearings on ROPMA in September of 1988. All who testified from the services and from the military associations unanimously supported the ROPMA proposal and recommended the earliest possible adoption of the legislation. ROA understands that a little changed ROPMA bill will be introduced in the house soon. We look forward to its introduction and urge the Senate to consider the legislation as soon as possible.

RESERVE MEDICAL COVERAGE

On behalf of our members ROA would like to express it's appreciation to the Congress for the progress that has been made over the past several years towards equalizing the medical benefits for Reservists and their survivors in the event the Reservist becomes ill, is injured, or killed while traveling to or from training or while participating in weekend drills or on tours of less than thirty days. Your recognition of the increased reliance that is being placed upon the Reserve Components has been paralleled by legislation to provide equal medical, disability, and survivor benefits for this important element of the Total Force.

While the major disparities that existed several years ago have been addressed and remedied we would like to point out that there is still a need to enact legislation to provide, in the case of members of the Reserve who are seriously injured in the line of duty while in a training or training related status, authority for the Service Secretary concerned to order a seriously injured Reserve Component member, with his or her consent, to extended active duty when it is determined to be in the interest of fairness and equity to do so.

The need for this legislative fix was highlighted in June 1987 when an Amy Reserve Component helicopter crashed during training exercises killing two soldiers and seriously injuring six others. Since both active duty and Reserve soldiers were on board the aircraft at the time of the accident it quickly became apparent that due to anomalies in the statutes, families of active duty disabled soldiers have considerably more entitlements than do those of Reserve Component soldiers. Following the accident, Reserve Component wives had problems reaching their severely injured husband due to the lack of a travel entitlement, obtaining on-post housing, and access to commissary, exchange and medical treatment because the Reserve Component soldiers were not on active duty. Families of those soldiers on extended active duty did not experience similar problems.

Since Congress authorized the Service Secretaries in Public Law 99-661 to involuntarily order to active duty any Reserve Component member captured or detained against his or her will by a hostile force, in order to provide some benefits and protection to Reserve component members and their families during such situations, similar corrective legislation is warranted in the case of a member of a Reserve Component who is disabled in the line of duty by injury, illness, or disease while in a training or training-related travel status. ROA supports correcting this problem in the interest of fairness and equity.

MEDICAL SHORTFALLS

ROA continues to be concerned over the shortages of health care professionals within the Reserve Components. The impact of the shortage of health care professionals within the Reserve Components is brought into focus when we note that approximately two-thirds of the medical care required during a major conflict in which the U.S. may be involved is programmed to be provided be the Reserve Components. For example, the Army will rely on the Reserve Components to provide 77 percent of its general surgeons and 75 percent of the required nurses. In the Air Force, the Air Reserve Components are tasked to provide 35 percent of the wartime medical manpower requirement. The Air Reserve Components also provide 70 percent of their second echelon tasking, 75 percent of their CONUS augmentation tasking, and 97 percent of their aeromedical evacuation wartime capability. These are just examples of the dependency the Total Force places upon the Reserve Component medical care needed during a wartime scenario. For this reason, we hope that this Committee, as it addresses the medical shortfalls that currently exist, will work with the services to address methods by which the Reserve Components may reduce their shortages.

We recognize and applaud steps the Congress has already taken in the form of the new Specialized Training Assistance Program to provide monthly stipends for members training in critical skills in return for a commitment to the Selected Reserve or the Individual Ready Reserve. The Health Professions Loan Repayment Program, which provides for repayment of student loans in return for service in the Selected Reserve, is another step in the right direction. However, we are concerned that the shortages which currently exist will continue if additional new and creative recruitment and retention procedures are not adopted. ROA hopes that the members of this Committee will work with the health professionals in the different services to establish additional programs to solve the shortages of Reserve Component medical professionals. In the past, ROA has testified that we believe a health care professionals special pay program for Reserve personnel should be considered as part of an overall plan to reduce existing shortages. ROA still believes that an adequate special pay incentive program, when coupled with other incentives, would have a beneficial effect on recruiting and retention for the Reserve Components.

USER FEES

When the FY88 DoD Authorization Bill was signed into law, it contained a 2 year prohibition on the charging of outpatient fees at military medical treatment facilities. Unfortunately, those 2 years expire on the First of October and we note that OMB is again attempting to impose this new tax on active duty military dependents and military retirees and their dependents under the guise of a limited test program. ROA strongly opposes this proposed tax and hopes the congress will again take action to prohibit the implementation of a users fee at military medical treatment facilities. Should such a user fee be permitted it would break faith with the long standing commitment by the Government to provide free medical care to military personnel and their families, and would have adverse effects on moral which could impair job satisfaction, performance, retention and readiness.

MEDICARE CATASTROPHIC COVERAGE ACT OF 1988

ROA is very concerned over the impact that the new Medicare Catastrophic Coverage Act of 1988 can have on the desirability of making the military a career either in the active or Reserve components. An often promised and accepted element of military compensation has been that of no-cost medical care both during the members military career and on into retirement. Unfortunately, the funding mechanism of the new Medicare Catastrophic Cap legislation has the effect of placing an unanticipated financial burden on many military retirees. Even those military retirees who exclusively use military treatment facilities now find that if they pay any Federal income tax at all they will be required to pay an additional Medicare surtax when they become Medicare eligible. Therefore we urge the Congress to codify the historical commitment of no cost medical care for uniformed service retirees, their dependents and survivors, thereby removing the Catastrophic Coverage surcharge from these retirees. In addition, we would recommend a reexamination of the financing mechanism utilized in the 1988 Medicare Catastrophic Coverage Act with the objective of lessening the harsh financial impact that the current law has upon those senior citizens who had planned in order to be self sufficient in their golden years, and now find that they are being penalized by an additional tax on their income.

GI BILL

From all reports that the Reserve Officers Association has received the new Montgomery GI Bill is having a positive impact on the quality of recruits entering both the active and Reserve forces. We believe that the Montgomery GI Bill is good not only for the services and the individual service member but also for our country. Last year we testified in support of some fine tuning of the bill and were pleased to note that one of our major requests, the death benefit provision, was enacted into law.

The need still exists for certain improvements, including a legislative change which would permit Reservists to use the Montgomery GI Bill for post graduate training. This would be an incentive to attract and retain college graduates into Reserve programs. In addition, ROA has gone on the record as supporting recognition of on the job training, correspondence schools and apprenticeships as authorized programs under the new GI Bill. There are many skilled, technically oriented positions within the Reserve where such training courses could be utilized to raise the overall effectiveness of the Reserve Components.

THE TWO-TIER RESERVE COMPONENT RETIREMENT PLAN

ROA notes that the Administration's Budget submission endorses the adoption of the Two-Tier Reserve Retirement Plan prepared by the Sixth Quadrennial Review of Military Compensation. While the Sixth Quad's report covered the whole range of Reserve Component compensation, and ROA supports many of its recommendations, the major change it proposed is to the Reserve Retirement system and this is an area where the Association feels caution should be exercised. The major rationale for proposing a change to Reserve Retirement appears to be that it would provide a better management tool by permitting Commanders to offer some incentives for an individual to transfer immediately to the Retired Reserve and start receiving the first tier of Reserve retired pay provided, of course, that the service member has completed the necessary twenty qualifying years of service. In passing, we note that this change would increase near term outlays for the Reserve Retirement program. While on the surface the prospects of immediate retired pay, upon the completion of twenty qualifying years of service, has some appeal, we are concerned that the impact on the Survivor Benefit Plan has not been adequately addressed. For example, the typical enlisted Reservist retirees as an E7, and thus the "tier one" benefit of 5 percent basic pay at twenty years of service would provide an immediate retired pay of approximately $90 a month. Should that member elect the maximum survivor benefit annuity, the survivor would receive less than $50 a month and at age 62 less than $32 a month in constant dollars.

Because of this obvious shortcoming in the proposed two-tier retirement system ROA recommends that, if the services really feel they need a management tool to encourage selected individuals to retire early, there is a better understood, less traumatic and certainly in the short term less costly, way to do it. We believe strong consideration should be given to providing the no cost/low cost retirement benefits, that currently accrue at age 60 upon the receipt of Reserve retired pay, immediately upon an individual's transfer to the Retired Reserve, assuming of course, that he or she has the necessary twenty qualifying years of service. These no cost/low cost benefits would include Space A travel, unlimited commissary and exchange privileges, access to MWR facilities, etc., but would not include medical benefits until age 60. A side benefit of granting these privileges to the so-called "grey area" Reserve retiree would be the potential for raising additional funds for the MWR system, which as you know, is suffering in this area. Thus, before consideration is given to a complete revamping of the entire Reserve component retirement system, we suggest that the Congress consider the granting of these no cost/low cost benefits immediately upon the transfer to the Retired Reserve by those Reservists who will be eligible for Reserve retired pay at age 60.

SURVIVOR BENEFIT PLAN

We believe that the current Survivor Benefit Plan requires another look and towards that end ROA has been working with the Military Coalition in the preparation of a revised SBP which would not reduce benefits for survivors upon the attainment of age 62. The enactment of the Two-tier Survivor Benefit Plan, contained in the FY86 Defense Authorization Bill which became effective 1 October 1985, has focused attention on the fact that SBP is reduced when the survivor reaches age 62. At least under the old social security offset system a Reservist who paid maximum social security taxes each year in his civilian employment, and thus had no military pay contribution to FICA, was providing an unreduced annuity for his or her survivors. Under the new system the survivor of a Reservist who had no social security credits based upon military service will still suffer an annuity reduction from 55 percent to 35 percent at age 62. We believe that this arbitrary formula unjustly impacts on this group of survivors and recommend that the Committee re-examine the whole Survivor Benefit Plan with the goal of eliminating such drastic reductions as the survivor gets older and instead support a plan which would provide a constant annuity to the survivor

COLA EQUITY

If adopted as submitted the Administration's FY90 budget will do serious damage to military retirement. The budget proposal would eliminate the Cost of Living Adjustment (COLA) for all military retirees and Federal retirees that will be due this December to compensate for the inflation that has occurred over the previous year. In addition, future COLAs would be limited to the CPI minus 1 percent thus guaranteeing the diminishing purchasing power of military retired pay. The paradox in the budget submitted to Congress by the Administration is that it claims to provide full COLA protection to veterans as well as social security recipients. The fact that military retirees are veterans too is totally ignored.

ROA believes that the elimination of this year's COLA and the reduction of future COLAs places an unfair burden for deficit reduction on those who have spent a minimum of twenty years in the military serving our nation. We do not believe that military retirees and Federal civilian retirees should be singled out again to shoulder a disproportionate share of budget cuts. In fairness, the same basic COLA policy must apply to those who retire under all government sponsored retirement programs, be it social security, military, or civil service. Since no reductions proposed in social security or veterans COLAs we strongly urge you to support COLA equity for military retirees. Continued erosion of the purchasing power of military retired pay will result in a lack of confidence in the system and adversely impact upon the ability to acquire and retain the quality and quantity of personnel needed to man the Total Force. Since legislation has been introduced in both the House and the Senate to preserve COLA equity we urge you to support H.R. 1074 and S. 416 if the full COLA is not restored by Committee action.

TAX RELIEF FOR DRILLING RESERVISTS

Prior to the 1986 Tax Reform Act members of the National Guard and Reserve were allowed to deduct the full cost of travel, food and lodging expenses related to their military training duties. Unfortunately, the 1986 Tax Reform Act permits these expenses to be deducted only if they, in combination with other authorized expenses, total more than 2 percent of the individual's annual income. We believe that this change is a disincentive that needs to be corrected. If we want to encourage participation in the Guard and Reserve, service members should receive fair tax treatment and be permitted full deductibility of expenses including travel, food, and lodging connected with their military service.

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

STATEMENT OF MAJ. GEN. ROBERT F. ENSSLIN, VICE PRESIDENT—ARMY, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Senator **Inouye**. Our next witness is the vice president of the National Guard Association of the United States, Maj. Gen. Robert F. Ensslin.

General.

General **Ensslin**. Mr. Chairman, I appreciate this opportunity to represent the National Guard Association and present our comments on the readiness needs of the Army and the Air National Guard. Our testimony will reinforce and amplify that of General Hultman.

As vice president of the association and Adjutant General of Florida, I have both a national and state perspective of the current issues pertaining to the Guard and its readiness.

PRIMARY GOAL

The primary goal of our association is to ensure that the National Guard portion of the total force is capable and ready to meet its total mission. That goal equates to providing the manpower, equipment, training, and facilities needed to prepare for and accomplish the assigned wartime tasks.

My prepared statement includes detail on the most significant readiness requirements in the Guard and also outlines needed improvements in personnel, entitlements, and benefits.

With the help of the Army, the Air Force, and especially the Congress, both the Army and the Air Guard have continued to make good progress in terms of readiness during the 1980's. But we continue to see new units, new missions, and new training requirements being given to the Guard without the full resources necessary to meet wartime requirements in all of the categories—manpower, equipment, training, and facilities.

I will not go into detail on specific shortages since they are spelled out in my prepared statement.

REDUCTIONS QUESTIONED

An issue of equal concern is the growing possibility that current budget and deficit reduction decisions may lead to actions that will cause turbulence in Guard force structure and degrade the ability of the National Guard to fully meet its Federal mission requirements.

During recent budget reduction efforts in the Department of Defense, both the Army and the Air Force decided to absorb part of the cuts by making force structure reductions across active, Guard, and Reserve aviation forces. Last year the Air Force proposed a reduction of tactical fighter and tactical airlift units in both the Air National Guard and the Air Force Reserve.

However, Congress, and especially this committee, questioned the cost effectiveness of applying cuts to current Guard and Reserve combat-ready units and ended up restoring the funding to maintain these units.

Also last year, the Army announced approval of an aviation modernization plan which would begin reducing equipment and manpower in aviation units prior to establishing a schedule for delivery of modern replacement helicopters.

Force structure changes announced by the Air Force this year with the release of the fiscal year 1990 budget indicate continuation of the proposal to reduce the size of tactical fighter and tactical airlift units in the Guard and Reserve. Although details are not yet available, all indications are that the Army is also planning to proceed with the aviation modernization plan with no specified program for delivery of replacement equipment.

We recognize that reductions are required to meet budget limits and that the reductions may include force structure. We are also aware that many in Congress and in the new administration are calling for a comprehensive review of current force structure, including overseas-deployed forces, and of the mix of Active, Guard, and Reserve forces.

Therefore, we seriously question the benefits in cost-effectiveness and combat-effectiveness of decisions to reduce Guard and Reserve forces at this time, especially when active force combat capability is being cut and force mix options are being considered.

EXPANSION OF GUARD AND RESERVE URGED

In order to retain the maximum combat capability at the minimum cost, it would seem advisable to at least maintain the combat forces now in the Guard and Reserve. In fact, a good argument can be made that Guard and Reserve forces should be robusted or expanded to take advantage of their lower-cost peacetime operation and to allow retention of trained personnel leaving active duty.

With current budget constraints, the goal should be maximum combat capability at the minimum cost. Within certain limits, that can best be achieved by expanding the Guard and Reserve.

The National Guard Association strongly urges that the resources, manpower, and operating costs again be restored to maintain Air National Guard and Air Force Reserve units until the full review of force structure and force mix is completed.

We cannot afford the turbulence of reducing units in fiscal year 1990 and then deciding to expand those same units 1 or 2 years later. The trained manpower will be lost. We are convinced that the proposed cut in combat capability is of greater value than the small savings that will accrue, and that the possibility of subsequent decisions to expand Guard and Reserve forces in the near future must at least be recognized.

Mr. Chairman, that concludes my remarks. I am prepared to answer any questions you may have.

OVERSEAS BASES

Senator INOUYE. The matter that you have brought up, General, is of vital concern to us. As I indicated not too long ago, the DOD seems to be a bit schizophrenic when it comes to closing of bases and closing of units. We cut costs in the continental United States, we close bases here, terminate units.

But we maintain at all costs even those bases that are really not needed when they are overseas. In your case, since we closed Torajon, the cost of transferring that to the boot of Italy has to be taken out of the two wings. I can assure you right now that I for one will question that and, if anything, restore the two wings.

I think, as I indicated to General Hultman, that if anything we should be doing our utmost to strengthen our Reserves, because I think this is where we are going to be headed in the next generation.

GUARD AS DRUG ENFORCEMENT UNIT

I have one question. The Guard has now been called on to provide services and perform in a way that was not really envisioned a couple of decades ago. The Guard will become a major drug enforcement unit. Do you think that is a proper use of the Guard?

General ENSSLIN. Yes, sir; I do. The National Guard exists to serve and it exists to protect. And especially in our State of Florida, where we are a focal point of this problem, we see what it is doing to our communities, and we feel that it is proper and appropriate for the National Guard to participate in this battle.

We have been doing it for 5 or 6 years in the State of Florida, using what resources the State can make available. We feel we have had some success. And this work we do on a volunteer status, in addition to training and preparation for our wartime mission. So it does not degrade that capability.

We have all of the volunteers that we have needed available, ready, and receiving a lot of satisfaction from participating in this kind of work. In those situations and on those occasions where we can assist law enforcement in conjunction with training, we take maximum advantage of that.

And there are certain roles and missions that we fulfil in supporting the war against drugs that precisely parallel certain wartime missions of many of our units, particularly those that are engaged in intelligence and target acquisition.

Yes, sir, we feel very strongly that the Guard has a role in this.

Senator **INOUYE**. I appreciate your response and I thank you very much, General. You have been very helpful.

[The statement follows:]

STATEMENT OF MAJ. GEN. ROBERT F. ENSSLIN

INTRODUCTION

Strengthening conventional defense came to the forefront of the national security debate in 1988 for the first time in many years. Such events as the INF treaty and debate over the Strategic Defense Initiative (SDI) have increased the attention being paid to providing a ready conventional force. Although there are several opinions about the readiness and sustainability of NATO and other allied forces, few dispute the growing necessity to ensure that our conventional forces are sufficient and ready as a deterrent during a period of strategic offensive and nuclear force reduction now and in the future.

While debate continues on the current capability of NATO forces, a decision to strengthen our conventional forces has become more difficult as political pressure to reduce the budget deficit grows stronger. The nation is quickly approaching a point where much of the recent progress in improving the quality and effectiveness of our defense forces may be eroded. Four years of defense budget reductions, in real dollar terms, show the direction we are heading.

Few changes have been made in recent years in the size of the Total Army and Total Air Force—that is in the number of warfighting units. The majority of the recent defense effort has been directed toward improving the quality of personnel; developing, procuring and modernizing equipment; and enhancing the effectiveness of training. This has paid off in significant improvements in combat readiness. However, manpower shortages and substantial equipment shortages remain.

We are concerned that current actions being taken to reduce the budget deficit will not only fail to meet the increased need to bolster our conventional forces but also could lead to a reduction in those forces at the same time our nuclear forces are being cut. Less than fully capable conventional forces can be a disaster in the event of a drawdown in nuclear forces.

ROLE OF THE NATIONAL GUARD

The role of the National Guard has expanded significantly since introduction of the Total Force Concept in the early 1970's. While the National Guard remains the primary early mobilization force in the event of a national emergency, it also has grown to be a critical segment of our nations' conventional warfighting forces needed in any limited or regional conflict. Even limited engagements will require involvement of the National Guard at a very early stage.

Any elements of the Army and Air National Guard are tasked in contingency plans for use within 72 hours of the start of a conflict. National Guard units are tasked in all major theater wartime scenarios throughout the world. The National

Guard provides forward defense and early deploying units with missions that range from early commitment in combat to sustaining theater combat, combat support and combat service support forces.

Army National Guard forces include armor, infantry and artillery forces and aviation units with attack, lift and support missions. The Army National Guard also contributes significant signal, maintenance, transportation and other theater support forces.

The Air National Guard provides alert forces for CONUS air defense and strategic tanker support, as well as providing early deploying tactical fighter, tactical reconnaissance and tactical and strategic airlift forces. It also provides a significant portion of the Total Air Force combat communications, engineering and weapons control capability.

The contribution of the National Guard to the nation's conventional forces is measured in terms of immediate response to contingencies and early deployment in the event of mobilization. With these missions the National Guard can no longer be considered a force in reserve unavailable until well after the start of a conflict.

STATUS OF THE GUARD

With its expanding role, the National Guard must attain and maintain a high level of mission readiness. Units with insufficient manpower, aging equipment, or less than fully trained or maintained forces will be less effective in performing their mission. The primary goal of the National Guard Association of the United States is to ensure that the National Guard portion of the total conventional force is, in fact, capable and ready. Therefore, we intend to concentrate our efforts toward the allocation of the manpower, equipment, training and facilities needed to accomplish wartime missions. In addition, we will continue to address improvement in personnel benefits, and entitlements especially in the areas of education and survivor benefits.

The increased level of mission and training activities, which have developed as a result of the expanding role of the National Guard, have generated growing manpower requirements in both drill strength and full-time support manning. However, the units and missions assigned to the Army and Air National Guard during the past several years have not received the full-time manpower spaces, senior officer and enlisted grade ceilings or funding necessary to fill the programmed requirement.

Effective recruiting and retention of quality personnel are necessary to attain the required manpower levels. Equitable treatment of personnel and family issues, such as educational assistance and survivor benefits, are critical to achieving that goal.

Equipment shortages continue to degrade mission readiness. Although modernization continues, significant shortages remain. It is essential that National Guard requirements be included with those of the active services early in the program cycle in order to provide for concurrent procurement of equipment for the Total Force. That would assure the National Guard's continuing ability to meet readiness requirements. In the interim, research and development and modification programs must be continued by the services to ensure that the older equipment in the National Guard is maintained, and upgraded where necessary to a combat effective level, until it can be replaced by new equipment coming into the Total Force inventory.

Effective training is also a critical element in providing a ready National Guard. This requires resources for formal individual and unit training, schools, exercises, deployments, day-to-day operations and adequate ranges and training facilities. Recent budget cuts have begun to erode the resources available for readiness training. If current and future budget cuts result in a further reduction of training resources, they will have an immediate adverse impact on National Guard readiness.

Many of the current National Guard facilities which are used for administration, maintenance, storage and training require major renovation or replacement. The backlog of construction projects continues to grow each year. Allowing further deterioration of existing facilities will have an adverse impact on mission and support activities.

FORCE MIX

Recent worldwide events have caused new demands for reviews of burden sharing with our NATO allies, forward deployment of our forces, the mix of active and Guard/Reserve forces and even the need to maintain a high level of readiness of the Total Force in the near term. Indeed most Administration and congressional leaders have recently indicated it may be desirable to move more units and missions into the Guard and Reserve because of budget constraints and possible force realignment. In view of these concerns, it would not appear prudent to make any reduction in Guard and Reserve forces at this time.

While assessment of the threat and determination of optimum defense forces to counter the threat is the responsibility of our nation's leaders, the National Guard Association will continue to identify and seek the resources needed by the Army and Air National Guard to fully meet assigned mission requirements.

MANPOWER REQUIREMENTS

Probably the most important element in producing combat ready National Guard units is the ability to recruit and retain the required numbers of quality personnel. While the National Guard has been able to meet its approved manpower goals in recent years, increased reliance on the Guard has placed even greater demands on recruiting and retention to meet both the full-time support and total Selected Reserve strength requirements.

At the end of fiscal year 1988, the Army National Guard had attained a total strength level of 455,182, including 25,659 full-time Active Guard/Reserve (AGR) members and 28,385 military technicians. The Air National Guard ended fiscal year 1988 with a strength level of 115,221, including 7,709 AGR members and 23,409 technicians. In fiscal year 1989, the Army Guard is programmed to grow to a total strength level of 457,300, with 25,914 AGR members and 28,120 military technicians. The Air Guard figures are 114,975 total strength, with 7,948 AGR and 23,644 technicians. Although both the ARNG and the ANG have existing backlogs of unfunded full-time manpower requirements of approximately 20,000 and 3,000 respectively, the fiscal year 1990 budget contains growth of only 587 in the Army National Guard and 887 in the Air Guard.

The increased level of training and mission activities, which have developed as a result of the application of the Total Force Policy over the past fifteen years, have generated growing manpower requirements in both total drill strength and in the area of full-time support.

If a unit is to make maximum utilization of its limited training time, full-time personnel must be available to plan for, support and participate in unit training sessions and exercises. These personnel perform the day-to-day functions which must be accomplished if a unit is to be effectively trained during peacetime, i.e., personnel administration, supply accounting, equipment maintenance, and management and assistance in daily operations. Full-time personnel are a basic element in producing readiness in Guard units.

The Army and Air National Guard have a mix of military technician and AGR personnel filling full-time support needs. The following table reflects the shortage of full-time personnel that will exist at the end of fiscal year 1990 and fiscal year 1991.

FULL-TIME SUPPORT

	ARNG		ANG	
	FY90	FY91	FY90	FY91
DoD validated requirement	74,974	76,201	35,448	35,432
Authorized mil technicians	28,457	28,647	23,948	23,954
Authorized AGR members	26,164	26,514	8,531	8,481
Shortage	20,353	21,040	2,969	2,997

The units and missions given to both the Army and Air National Guard during the past several years have not been fully resourced with either drilling members or full-time support manpower. In addition, the higher level of peacetime training and operational activity has resulted in a requirement for more full-time personnel, especially in the Army National Guard. The significant shortages will therefore be carried forward into fiscal year 1992 unless corrective action is taken.

In recent annual reports to Congress, the DoD Reserve Forces Policy Board (RFPB) has stated that the readiness and mobilization capabilities in all of the reserve components have shown major improvement due primarily to the added emphasis provided by full-time support personnel. Data in its fiscal year 1987 report shows a very close correlation between the percentage of full-time manning and the percentage of units mission ready (C-3 or better) in any component.

The National Guard Association believes the Army and Air National Guard must be provided both the drilling and full-time manpower needed to meet the requirements of the missions and units assigned to them. Therefore, we urge Congress to authorize and fund additional growth of 2,000 AGR and 2,000 military technicians above the budget for the Army National Guard in fiscal year 1990. This will begin to reduce existing full-time support manpower shortages.

The fiscal year 1990 budget proposes a reduction in Air National Guard force structure. Pending completion of the current force structure and force mix review, we urge the Congress to restore 600 drill strength, 48 AGR and 195 military technician positions to reverse the draw down of Air National Guard flying units.

EQUIPMENT REQUIREMENTS

Another critical limiting factor to mission readiness in both the Army and Air National Guard continues to be equipment shortages. During the 1980s, modernization has continued through the efforts of the Army, Air Force and Congress; however, significant shortages remain. The RFPB report for fiscal year 1988 indicates that the shortage in equipment on hand at the end of the year for all Guard and Reserve components was valued at $14.1 billion. Although the shortage had been reduced by approximately $1.5 billion from the prior year, it still represents a shortage of almost 16 percent of total value of wartime equipment requirements.

Of the total $14.1 billion shortfall, $7.8 billion is in the Army National Guard and $1.8 billion is in the Air Guard. That represents a shortage of onhand versus wartime requirements of about 23 percent in the Army Guard and 7 percent in the Air Guard.

The strong support of Congress in recent years has significantly reduced some of the most critical needs. With modern equipment, or at least compatible and deployable equipment, the National Guard can be an effective full partner in the Total Force. But sufficient equipment must be provided to meet wartime requirements and initial training requirements of new units or missions.

The most urgent Army and Air National Guard equipment requirements are addressed in brief in the following paragraphs.

ARNG TANK MODERNIZATION PROGRAM

The ARNG was scheduled to be equipped with 480 M1 tanks and 3,357 M60A3 thermal sight tanks by the end of 1990, which led to a proposal to upgrade the combat effectiveness of the APNG M60A3 fleet. In lieu of modernizing the M60 series tank, the Army announced its intention to equip the Army National Guard with M1 tanks as the M1A1 tank was distributed to the Army. Current Army plans now call for completed fielding of M60A3 tank to the Army Guard by the end of fiscal year 1994, 4 years later than the original plan. The current plan also indicates M1A1 distribution to ARNG roundout units but fails to show complete fielding of the older 1980 vintage M1 tank to the ARNG through fiscal year 1998.

Tanks have a critical role in conventional force strategies. We strongly urge support of continued production of the M1A1 tank at a rate of 720 per year and funding for transition of full battalion sets of M1 tanks and associated equipment to the Army National Guard.

M113 FAMILY OF VEHICLES

The Army has not programmed any procurement of the M113 Family of Vehicles (FOV) for fiscal year 1988 and beyond. The production line had been scheduled to close in fiscal year 1989 and has remained open only because of congressional action to include M113s in the fiscal year 1988 budget. The ARNG is still experiencing near-term "war stopper" shortages of over 3,000 M113 FOVs, approximately 1,000 of which are armored personnel carriers, required by Army National Guard combat or combat related units. In addition, there is a 16,000 vehicle shortage in war reserve stocks. We urge continuation of M113 FOV production by providing $91 million for 300 M113A3s and $27.5 million for 100 M577A3 command post carriers in fiscal year 1990.

ATTACK HELICOPTERS

While five of the ARNG's 15 attack helicopter battalions are currently programmed to receive Apache (AH-64) helicopters, the ARNG will be modernized through Cobra (AH-1S) helicopter transfers as the Army receives Apaches. Vietnam era UH-1M helicopters will remain in the Guard system beyond 1990-91 based on the current replacement rate. We encourage Congress to support continuation of a production rate of 72 Apache helicopters in fiscal year 1990 and in future years until all Total Army advanced attack helicopter requirements have been met.

UTILITY HELICOPTERS

By 1991, the scheduled purchase of UH-60A Black Hawk helicopters will be completed for the active Army. At that time, 85 percent of the Army National Guard UH-1H/V Huey helicopters will be over 20 years of age with the average age being 23 years. Current distribution plan schedules do not reflect sufficient Black Hawk utility helicopters to modernize a Guard fleet of nearly 900. Modernization of the utility helicopter fleet in the ARNG is urgently needed. Therefore, we request Congress fund production above the Army program of at least 24 Black Hawk helicopters for the Guard in both fiscal year 1990 and 1991 and continue an increased production rate until all the aging UH-1H/Vs have been replaced.

OBSERVATION/SCOUT/CARGO HELICOPTERS

The final elements in the Guard helicopter fleet are the less glamorous but essential work horses—observation, scout and cargo helicopters. The need for their modernization to fulfill Total Army wartime requirements is equally critical. The current mix based on aging airframes and repair parts shortages results in deployability, maintainability, and interoperability problems. Specifically, we urge support of funding in fiscal year 1990 and 1991 for an upgrade and reengine program for observation/scout helicopters and a long-term upgrade and replacement program for cargo helicopters. Both are critically essential for improved readiness.

AIR DEFENSE ARTILLERY MODERNIZATION

The Army National Guard is severely short of organic air defense artillery for its major combat forces. The Guard air defense force structure is programmed to modernize its Air Defense Artillery battalions as a result of conversions and activations during fiscal year 1988–1991. We urge Congress to support actions that ensure that the Guard is included in the planning and fielding of any new air defense assets that replace current outdated and inadequate systems.

MULTIPLE LAUNCH ROCKET SYSTEM

Currently, there are no procurement programs to provide the Multiple Launch Rocket System (MLRS) launchers and rockets to equip the nine Army National Guard divisions or to satisfy any additional MLRS needs for Guard corps artillery units. Your support of increased production to accommodate the issue of two battalion sets of launchers per year to the ARNG until Guard requirements are satisfied is requested. It is also important to provide funds for rocket production sufficient to meet Total Army requirements.

SIMULATORS AND TRAINING DEVICES

The Guard is required to achieve levels of training equal to that of the active Army. Simulators and training devices help to alleviate difficulties in the Guard and Reserve unique training environment resulting from the large number of small geographically scattered units. Funding of $5 million for research and development, $25 million for procurement and $2.5 million for operations and maintenance of training devices and simulators, tailored to the needs of small units, would provide a low cost enhancement of readiness training.

OPERATIONAL SUPPORT AIRCRAFT

Fixed-wing support aircraft are needed in the Army and Air National Guard to provide the capability to meet mobilization requirements of the state area commands, to transport personnel for command, control and supervision of subordinate elements, and to support movement of personnel, equipment and supplies to and from training areas, ranges and detached alert sites. Sixty percent of the mission support aircraft in the ARNG fleet are over 30 years old and are rapidly becoming logistically unsupportable. Additional aircraft are also needed in the ANG to meet growing support requirements. We encourage Congress to support a procurement program to provide 10 C-23 logistical support aircraft to the Army National Guard and six modern C-26 type aircraft per year to both the Army and Air National Guard until mission and operational support requirements are met.

C-130H TACTICAL AIRLIFT AIRCRAFT

The airlift units of the Air National Guard provide 35 percent of the Air Force's tactical airlift assets and services. The C-130B has an average age of over 30 years and cannot match the airlift capability or, based on maintenance, the cost effectiveness of the C-130H. We strongly urge Congress to authorize and fund 18 C-130H aircraft to replace C-130B models in the Air National Guard in fiscal year 1990.

TACTICAL FIGHTER AIRCRAFT

Fighter aircraft are not being procured in sufficient quantities to meet Air Force, Air National Guard, and Air Force Reserve modernization needs of either force size or age goals. More than 50 percent of the Guard air defense, tactical fighter and reconnaissance aircraft are 20 or more years old and they are highly vulnerable in today's battlefield environment. We solicit congressional support of the accelerated modernization of ANG fighter squadrons by authorizing and funding multi-year procurement of at least 42 F-15 and 150 F-16 aircraft for the Total Air Force tactical fighter force.

TACTICAL AIRCRAFT IMPROVEMENT PROGRAMS

The Air National Guard is tasked to fight the same war, at the same time and in the same place as active Air Force units. It is imperative that we have commonality of weapons systems and tactical air support capability. The goal of modernization of the ANG tactical fighter and tactical air support fleets can be advanced by providing funds for implementation of the Multi Stage Improvement Program (MSIP) for the F-15, by funding upgrade modifications for the F-16A/B tactical fighter and by continuing the A-7 plus enhancement program in the Air National Guard. We request your support of these three programs.

ELECTRONIC COUNTERMEASURES (ECM) PODS

The environment of a potential combat arena is such that rapid and correct countermeasures are necessary to alleviate the threat from enemy radar controlled weapons. The few ECM pods now in the ANG inventory are not adequate to meet the current threat. We urge Congress to begin an extended program to equip ANG tactical aircraft units with up-to-date ECM pods.

FIGHTER RECONNAISSANCE POD

Manned penetrating reconnaissance will be a warfighting requirement for the foreseeable future. A state-of-the-art reconnaissance pod is the most mission capable, cost-effective, near-term solution to modernization of the tactical reconnaissance force. We urge Congress to authorize continued development of a reconnaissance pod for a manual tactical reconnaissance aircraft.

MISCELLANEOUS EQUIPMENT

Since fiscal year 1982, Congress has provided funding for National Guard mission essential equipment to be selected by the Chief, National Guard Bureau, based on his most pressing shortages. While communication/electronic equipment has repeatedly been procured with these funds, it continues to be a serious shortfall. A high percentage of the essential command and control communications mission of the Total Force is in the Army and Air National Guard. Interoperability and obsolescence remain major problem areas. Over the past years, miscellaneous equipment funds have also been expended for trucks, medical equipment, aircraft support equipment, and other critical items. Even with the progress made possible through miscellaneous equipment funds, the National Guard continues to suffer shortages in ground and air combat equipment, communications equipment and medical equipment. Much of the equipment needed does not represent major procurement line items. We urge continued funding for miscellaneous equipment in fiscal year 1990 and 1991, in order that the Chief, National Guard Bureau, can alleviate day-to-day shortages of high priority and combat essential equipment and directly improve combat capability and survivability of early mobilizing units of the Army and Air National Guard.

FEDERAL SHARE OF COST OF ARMORIES

The law requires that the cost of new Army Guard armory construction be shared between the Federal Government and the states at a 75/25 percent ratio. The states must also furnish the land, provide site preparation and bring utilities to the property. Following construction and acceptance, the states acquire ownership of the armory and are required by current directives to maintain the armory at state expense and make it available for military use for 25 years. States are often hard pressed to appropriate the funds required to both construct and maintain armory facilities.

During the past several years, congressional action provided some relief to the states. Changes in law authorized 100 percent Federal funding of expansion projects, required as a result of Federal mission changes, and allowed advanced Federal funding of engineering and design costs on a reimbursable basis.

Congress also authorized cost sharing of major maintenance projects for armories and full Federal funding for the provision of space, utilities and communications support of full-time Federal personnel. However, we are concerned that the assistance provided by Congress is not being continued by DoD in programming and budgeting. In the fiscal year 1990 and 1991 budgets funds have been included for this purpose but unspecified budget cuts in operating funds again put this program in jeopardy. We would hope that the support of Congress for this essential funding would be recognized and that sufficient funding would be included in the fiscal year 1992 Defense budget.

The cost of an executable annual program of providing support to Army Guard full-time federally employed personnel and fifty percent of the cost of major armory maintenance projects is $25 million. The National Guard Association urges Congress to ensure this level of support is provided in fiscal year 1990 and 1991.

MILITARY CONSTRUCTION

The unfunded military construction backlog in the National Guard continues to grow and will reach approximately $3 billion for the Army National Guard and $1.1 billion for the Air National Guard by the end of fiscal year 1990. As a result of many units being forced to continue using inadequate facilities, manpower retention and unit readiness are being adversely affected. Two major factors in unit readiness capability—training and equipment maintenance—are being severely hampered.

We appreciate the increased funding Congress has provided for both programs. However, an annual appropriation rate of slightly over $150 million for the ARNG and approximately $150 million for the ANG has not allowed them to keep pace with both the new construction requirements which are caused by expanding Federal missions and force structure changes or with the backlog of maintenance and replacement projects for current mission facilities. The unfunded construction projects are fundamental structures such as armories, maintenance shops, storage facilities for newly assigned equipment, fire suppression systems at air bases, and training facilities. Each additional project not only enhances the readiness of the units affected but also adds to the economic health of the community and state where it is located.

We urge that Congress recognize the existing National Guard military construction backlog and provide funding to accelerate National Guard construction programs to a level that will fund all new mission requirements plus a minimum of $150 million to apply against the current mission requirements of both the ARNG and the ANG in order to enhance readiness and begin to reduce their existing backlogs.

PERSONNEL ENTITLEMENTS AND BENEFITS

We fully agree with most military leaders that manpower is the mainstay of the Armed Forces of this country. All soldiers, airmen, and sailors whether they are active, Guard or Reserve make personal sacrifices to serve their country. In order to maintain the required levels of readiness and to fulfill their Total Force role, Guard members are increasingly called upon to perform additional duty periods, often without pay or benefits.

Our goal is to recruit, train and retain quality personnel. The quality of Guard personnel has steadily increased during the past decade. Entitlement and benefit programs have provided a significant incentive to belong to the Guard. Unfortunately, we continue to have personnel policies and provisions in law that fail to support the principles of the Total Force policy for Guard and Reserve members and adversely impact on recruiting and retention.

SURVIVOR BENEFIT PLAN

With changes to the two-tier Survivor Benefit Plan (SBP), the annuity for a large number of survivors of the National Guard and Reserve was substantially reduced. Members of the National Guard and Reserve generally do not earn much Social Security credit based on their military service and prior to 1986 their survivors experienced a minimal offset.

The original SBP was modeled after the Civil Service retirement system. Comparison between the Federal Employees Retirement System (FERS) and the two-tier SBP demonstrates a major inequity between the two revised programs. FERS provides a 50 percent annuity without reduction when an individual is eligible for Social Security. The SBP annuity drops to 35 percent.

In our view, there is no valid reason to provide a military survivor a lower percentage of a survivor annuity than that of a Civil Service employee survivor. NGAUS urges the enactment of legislation to establish, at the very least, an option for a single tier, 50 percent maximum annuity for eligible survivors of all military personnel.

GI BILL EXPANSION

The proven effectiveness of the Montgomery GI Bill for the Selected Reserve as a tool for improving overall quality manning and readiness of the Guard and Reserve is limited by the exclusion of certain types of educational assistance. Expansion of the programs of education available to Guard Reserve members to emulate those available to active members under Chapter 30, Title 38 would make the program more effective. Some of our vital readiness skills require hands-on vocational or advanced degree studies. We strongly urge Congress to expand the Montgomery GI Bill Chapter 106, Title 10 program to cover the same categories of educational assistance as Chapter 30, Title, 38.

ARMY CONTINUING EDUCATION SYSTEM

Educational assistance through the Army Continuing Education System (ACES) is available to all members of the active Army and members of the Army National Guard and Army Reserve except for officers on active duty or AGR status and all Guard and Reserve warrant officers. The program also prohibits all Army Guard and Reserve personnel from receiving tuition assistance for graduate studies. Legislation to amend Section 2007, Title 10, USC to entitle all members of the Army Guard and Army Reserve to the same ACES opportunities currently afforded to the active component, and to most Guard and Reserve soldiers, is requested.

FORCE STRUCTURE CUTS/BUDGET REDUCTIONS

During recent budget reduction efforts in the Department of Defense the Air Force decided to absorb part of the cut by making force structure reductions across the active, Guard and Reserve tactical fighter and tactical airlift forces.

The fiscal year 1989 budget proposed a reduction of two active tactical fighter wings and an equivalent wing from the Air National Guard and Air Force Reserve, with resources to be withdraw over a 3 year period. It also included the first steps in a reduction of one Guard and Reserve equivalent tactical airlift squadron and two active squadrons.

During review of the fiscal year 1989 budget, Congress questioned the cost effectiveness of applying cuts to current Guard and Reserve combat ready units and restored the funding to maintain the units. In addition, the Congress directed the Secretary of Defense to evaluate moving additional portions of Air Force missions to the Guard and Reserve and to report his recommendations by January 1989. That report is not yet available.

Force structure changes announced by the Air Force early this year indicate they are continuing with the proposal to reduce tactical fighter, tactical airlift and other flying units. Although tactical fighter reductions are not planned without concurrent conversion, the budget calls for several 24 aircraft F-4 units to be reduced to 18 aircraft as they convert to OA-10 and F-16 aircraft. In addition, one C-130E unit is programmed to reduce from 16 to 12 aircraft, without an aircraft conversion, and another unit will go from 6 C-130A to 8 C-130H aircraft.

Although details are not yet available, we are also concerned about the impact of the proposed Army Aviation Modernization Plan (AAMP). The end objective of the AAMP is to modernize the Total Army helicopter fleet. A key element is fielding of the LHX advanced helicopter in the mid to late 1990s. Our concern is that the AAMP proposes reductions in unit size equipment and manpower in the near term with no specified program for delivery of replacement equipment.

While reductions are required to meet budget limits, we seriously question the benefits in cost effectiveness or combat effectiveness of the decision to reduce Guard-and Reserve forces at a time when active force combat capability is being cut and further reductions are being considered. In order to retain the maximum combat capability at the minimum cost, it would seem advisable to at least maintain the combat forces now in the Guard and Reserve. In fact, an argument could be made that Guard and Reserve forces should be robusted or expanded to take advantage of their lower cost peacetime operation and many of our nation's leaders are indicating an intention to examine that possibility.

Although cost comparisons between active and Guard units are difficult because of different mission taskings, unit size and methods of accounting for base support and overhead, estimated costs for Guard units generally range between 40 and 80 percent of the cost of a similar active unit. In any case, robusting of existing units, in order to utilize the current overhead structure, would certainly provide the lowest cost increase of combat capability possible.

Maintaining or expanding Guard and Reserve units would also provide a means of retaining in the Total Force many of the highly skilled personnel now being lost or forced out of the active forces. The investment in training and the combat capability of the Total Force would be retained although some might argue that the optimum balance of active and Guard/Reserve forces would be tilted. We believe the benefits of retaining the current force level and most of the combat capability would be significantly greater than the marginal costs involved.

We strongly urge that as Congress realigns priorities within the fiscal year 1990/1991 DoD budget savings from other areas be applied to reinstate the proposed Guard and Reserve force structure cuts in order to retain the maximum number of skilled personnel and Total Force combat capability possible within the budget limit.

SUMMARY

We have appreciated this opportunity to present the views of the National Guard Association of the United States on the current status of the National Guard and the actions needed to improve combat readiness.

We sincerely appreciate the strong support of Congress in providing manpower, equipment, training resources and facilities in the past. That support, along with the support given by the services and DoD under the Total Force Policy, has allowed the Army and Air National Guard to greatly increase their combat readiness during the 1980s.

The National Guard and Reserve are a substantial element of the conventional force. As we enter a new era of budget constraints and force structure realignment, we must identify and satisfy the readiness needs of all Active, National Guard and Reserve components if the nation is to have the most effective defense force for the lowest possible cost. Shared responsibility demands equitable sharing of resources to meet present and future force requirements. As the Nation faces budget decisions that may require reductions in defense resources, it is imperative that we have an increased commitment to meet balanced Total Force requirements.

The National Guard Association of the United States recognizes the role of the National Guard in the Total Force and accepts the mandate to communicate the needs of the National Guard to meet that role. We intend to express our concern in every forum available when resources are insufficient for the National Guard to attain and maintain the readiness required.

To this end, the National Guard Association of the United States will strive to ensure that the National Guard is provided an equitable sharing of resources to meet the responsibilities assigned. Until those resources are provided, the basic tenets of the Total Force Policy will not have been fully realized and our conventional forces will not be fully ready.

BIOGRAPHICAL SKETCH

General Ensslin was inducted in the United States Army on 8 November 1950, after graduating from the University of North Carolina. He received his basic training at Fort Meade, Maryland. He attended the Field Artillery Officers Candidate School at Fort Sill, Oklahoma, where he was commissioned a Second Lieutenant, Artillery, on 8 April 1952 and assigned to the 695th Armored Field Artillery Battalion, Fort Knox, Kentucky. He was assigned as a Battery Commander and promoted to First Lieutenant, Artillery in May 1953.

Released from Active Duty in October 1953, General Ensslin was assigned to the Officers Reserve Corps where he held various assignments with the 108th Division Artillery in North Carolina. Moving to Florida, he was appointed as a First Lieutenant, Artillery, with the Florida Army National Guard in February 1956. He held a variety of assignments until his promotion to Lieutenant Colonel in June 1966 and assignment as Battalion Commander of the 2nd Battalion, 116th Field Artillery Battalion.

He was promoted to Colonel in July 1974 and named Inspector General on the Staff of the Adjutant General of Florida. In October 1975 he was assigned as Commanding Officer of the 227th Field Artillery Group which was redesignated as the 227th Field Artillery Brigade in 1978. General Ensslin was assigned as Director, State Area Command on 30 July 1980. He was promoted and Federally recognized as Brigadier General on 18 August 1980. He was assigned as Brigade Commander, 53rd Infantry Brigade on 7 February 1981.

On 1 January 1982, General Ensslin was appointed Adjutant General of Florida and was promoted and Federally recognized as Major General on 18 June 1982.

A few of his military affiliations are as a Member, Reserve Forces Policy Board; Member, Council of Trustees, the Association of the United States Army; Chairman, Reserve Components Advisory Committee; and Chairman, Adjutants General Committee on Ethics and new Adjutants General. He has a Bachelor of Arts Degree from the University of North Carolina. He is also a graduate of the Command and General Staff College and the U.S. Army War College.

Among his awards are the Presidential Unit Citation; Legion of Merit; Meritorious Service Medal; Army Commendation Medal; Air Force Outstanding Unit Award; Air Force Organizational Excellence Award; Army Reserve Component Achievement Medal with three Oak Leaf Clusters; National Defense Service Medal, Korean Service Medal with three Battle Stars; Armed Forces Reserve Medal with two Hourglass Devices; NCO Professional Development Ribbon with Numeral "3" and the Republic of Korea Presidential Unit Citation.

Senator INOUYE. Our next witness is Mr. Webster Tarply of the National Democratic Policy Committee.

[No response.]

Senator INOUYE. If not, Ms. Peggy McFadden, anesthesia manager and past president of the American Association of Nurse Anesthetists.

Ms. McFadden, it is always good to see you, ma'am.

AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

STATEMENT OF PEGGY McFADDEN, ANESTHESIA MANAGER AND PAST PRESIDENT, AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

Ms. MCFADDEN. Thank you, Senator. It is nice to see you again. The last time I think I saw you was the meeting of AANA 2 years ago in Honolulu, when you and I addressed the nurse anesthetists there.

Senator INOUYE. That is a good place to address people.

Ms. MCFADDEN. Yes, it was. Thank you.

I appreciate the opportunity of being here today, and I especially thank you for allowing nurses to testify on this very important issue. We think it is very important. We will not spend our time addressing the nursing shortage. You have heard a lot about that.

HEALTH CARE PROFESSIONAL SHORTAGE

But we would like to talk about the health care professional shortage in the military. We believe, and our testimony says, that we think too much emphasis has been placed on the physician component and not enough emphasis on the other health care professionals, including nursing.

As you know, Senator, the association has spent a great deal of effort in trying to recruit and retain nurse anesthetists in the military. We have spent—in fact, that is why I have been pulled out of retirement, so to speak, because 2 years ago I spent a great deal of time with the DOD, with your help, trying to point out some of the deficiencies in the military and what we think needs to be done.

We have offered up our membership list, among the greatest—and let me tell you, it has not been without some criticism from our own members, because they believe, because we have offered up 23,000 nurse anesthetists, that perhaps the Department is not doing anything to really help the cause of nurse anesthetists.

TRIAD OF PAY, PROMOTION, AND PRACTICE RESTRICTIONS

We believe that the key to recruitment and retention of nurse anesthetists in the military has to do with the triad of pay, promotion, and practice restrictions policies. We believe, in pay, that there should be promotion pay or a bonus for a nurse anesthetist in the military.

We are not asking for anything close to what the physicians receive. We are told that the physicians receive a $40,000 a year pay bonus. We are asking for $3,000 to $10,000, depending upon what the CRNA will offer up as additional time. And you will find this in our testimony.

As far as promotion, we believe that the nurse anesthetists should be exempt from DOPMA. It appears from what we hear from our members that, after a few years, they fall off the pyramid track, and you are losing some very competent people after 8, 10, 14 years, because they are not exempt from DOPMA.

It really appears that it does not matter how much nurse anesthetists receive in pay if they have some sort of self-esteem, some sort of status in the military. And being promoted is very important to them. We have also addressed this in our testimony.

And more importantly is that they be allowed—and you have addressed this in your statements before. You believe and we believe that nurse anesthetists are competent to do what we are trained to do. We are very aware that there are policy and practice restrictions going on in this country, and we think without some relief from these practice restrictions, that we will never be ready in peacetime, and especially in wartime. This has to be changed.

And more importantly, we believe that we need your help with education. There are programs in the military, in all three of the services. But this country in both the civilian and the military sector is in a severe shortage of nurse anesthetists.

We have closed approximately 50 programs since 1983, some having to do with prospective payment system, some having to do with practice restrictions, accreditation processes. But we cannot educate the number of nurse anesthetists that we need today.

MILITARY LAGGING BEHIND PRIVATE SECTOR

And in so doing, what we are seeing in both the military and especially in the civilian sector is a buyer's market. The CRNA's are leaving the military in droves because the civilian sector has far and away passed the military benefits.

I will tell you an anecdote, that I am here today because of a CRNA that is relieving me at home that got out of the military after 8 years. I have another working for me next week that got out of the military after 16 years. I have interviewed three that will come to work for me that are getting out after 8, 10 years, because the military has not kept up with the private sector.

Something in that area has to be changed. We have to educate more people so that we are not in this buyer's market.

I would ask that the Government consider opening another school, or else at least increasing the slots, increasing the scholarships, to the civilian schools, so that we can educate more people and perhaps relieve this shortage.

Two years ago I met at the Department of Defense and was told that we were 1,600 nurse anesthetists short to be military ready. In this testimony you are going to see that we are now 1,700 nurse anesthetists short to meet our needs. That is in 2 years.

We are not talking about a troop of 10,000 people. We are talking about a troop of maybe 500 or 600 people. And I do not think this country can afford to see this kind of change in a period of just 2 years.

We definitely—I feel like, talking with you, Senator, you know the problems. I feel like I am talking to someone that is already saved. But we want this in the record, that something has to be changed.

And I understand how the committee feels. People seem to think more of defense as military arms. But health care is very important.

And I will be happy to address any questions you might have.

PROBLEMS ENUMERATED

Senator **Inouye**. Well, I am certain that you will have to agree with me that the military is still a man's world. That is hurdle No. 1.

No. 2, although we both agree that nurses are professionals, there are some who are in the physician ranks who find it very difficult to look upon nurses as professionals. We are doing our best to overcome that hurdle also.

Second, I think the public has to be educated. Most people do not realize that most of the anesthetics administered to our patients in military hospitals are done by nurse anesthetists and not by the M.D.'s.

Ms. **McFadden**. That is correct.

Senator **Inouye**. And the rate of risk is the finest in the land. I think it is better than the M.D.'s in many ways.

So I am fully aware that something real has to be done. Together with some of my colleagues, we are in the process of trying to establish a school of nursing. We now have a school for doctors here. I think it is about time we got involved in that.

Second, your triad makes good sense.

Third, a few weeks ago, for the first time in the history of this Congress, we invited nurses to testify, and so you had all of the service chiefs of nursing testifying in one panel. I had to remind myself that it was only a few years ago that we placed the first star on the shoulders of a lady.

So we have much to do. I hope it is not too little, too late. That is all. You have many friends on this Committee.

Ms. **McFadden**. Thank you very much.

Senator INOUYE. Thank you.
[The statement follows:]

STATEMENT OF PEGGY L. MCFADDEN

SUMMARY

The key to recruitment and retention of CRNAs in the military services, both active and reserve forces, requires attention to the Pay-Promotion-Practice Policies Triad. The wide disparity between civilian and military pay, and the emphasis placed on additional compensation for physicians in the military, makes it essential that an equitable bonus or professional pay be instituted for CRNAs and other nursing specialists wherein severe shortages within the military are identified. We believe, however, that no amount of money will compensate nurses or CRNAs adequately when promotion potential is severely limited and when they are not permitted to practice up to their full competence, capability and potential. The testimony of the American Association of Nurse Anesthetists addresses these issues and sets forth specific recommendations for action:

- Legislative authorization, with needed appropriations for meaningful professional pay or bonus for CRNAs within the military should be enacted expeditiously.
- Assure promotion potential for nurses, including CRNAs, for those fully qualified up through the grade of 0-5 (Lieutenant Colonel or Commander) by their 16th to 18th year of service. This can be accomplished through exempting the Nurse Corps from DOPMA.
- Practice policies for CRNAs within the military services should permit them to practice up to their full competence and capability. Any proposed restrictions, inconsistent with the qualifications and capabilities of CRNAs, should require an impact statement with regards to its effect on recruitment and retention of CRNAs, and the accessibility and delivery of services to military beneficiaries and their costs.
- Education scholarships should be made available to military and civilian personnel desiring such support while attending a civilian accredited nurse anesthesia educational program as an inducement to serve on active duty as well as within the reserve forces; payback time for both civilian and military students in civilian or military nurse anesthesia educational programs should be equivalent to that of anesthesiology residents for their training; and nurse anesthesia education should have coequal priority to clinical teaching resources in major military medical centers.
- Partnerships between the military and civilian nurse anesthesia educational programs should be encouraged permitting students in civilian programs opportunity to affiliate with a military hospital for a portion of their clinical anesthesia training.

My name is Peggy McFadden. I am a certified registered nurse anesthetist (CRNA) and Past President of the American Association of Nurse Anesthetists (AANA). I am presently the Anesthesia Manager at Ballard Wright, MD, PSC, Lexington, Kentucky. We are most appreciative of the opportunity to address the Senate Appropriations Subcommittee on Defense regarding CRNAs in the military services, the shortages of CRNAs that currently exist within the military and civilian communities, and a legislative package that we believe should be enacted which will have the potential to recruit and retain CRNAs within the military services.

SHORTAGE OF MILITARY HEALTH PROFESSIONALS

Prior to focusing our testimony on the military CRNA and our recommendations regarding solving the shortage problem, we want to say a few words about the shortage of health professionals in general. In reviewing the testimony that has been presented before this Committee by the Military Chiefs of the various Nurse Corps, the Surgeon Generals, and Dr. Mayer, from DOD, we have been struck by some interesting comments. It is quite evident in Dr. Mayer's and the Surgeon General's comments that the priority at DOD and within the military services has been to resolve the military physician problem, with little concrete action, beyond increasing the number of recruiters and some scholarship programs devoted to resolving nursing and other health professional shortages. We believe the emphasis placed on keeping physicians in the military, as opposed to other health professionals, is a function of the structural leadership within the military medical services and reflects the current philosophy expressed by one of the Surgeon Generals before this Committee.

He lumped all nonphysician health professionals and technicians into the category of "ancillary support personnel." Unfortunately for the military and health care in general, no health provider is more dependent upon other health providers for accomplishment of his or her goals in practice, than the physician. And few, if any physicians are satisfied with their practice, or their pay, if they don't have an adequate number of qualified team members to accomplish the health care workload in an expeditious manner. Thus we believe that until DOD and the military resolve their nursing and other health professional shortages, efforts at retaining physicians will meet with limited success.

We believe that the first priority for action by DOD and each military service is something that will not cost them a penny, monetarily, but has great potential to help resolve their nonphysician health professional shortage, and ultimately the physician shortage. We believe that policies at DOD and within each military service must fully promote the philosophy that all health professionals have full membership on the military health care team and work collaboratively with each other, as well as with various technical and other support personnel to achieve the military health care mission. Only when such a philosophy is adopted and implemented will efforts and resources be equitably applied to the needs of all team members. Further, the modis operandi for the delivery of health care within the military must recognize the interdependency among all health personnel. The services must recognize and operationalize the utilization of the full competence and capability of each member of that team while maximizing their potential contributions in the delivery of health care services. Only in this manner can each member of the team be fully valued for the contributions he or she can make in times of peace and war.

NURSING SHORTAGE

Studies of the nursing shortage, including that done by the Secretary's Commission on Nursing of HHS, have all cited the need for nurses to be more involved in decision-making regarding policies that affect nurses and their practice. Admiral Hall, Chief of the Navy Nurse Corps, stated in testimony before this Committee that clinical nursing is the cornerstone of patient care; General Goodwin of the Air Force cited the nurse as the key element in health care; and even the Surgeon General who earlier had lumped all nonphysicians into the category of "ancillary supportive personnel" conceded that nurses are critical members of the health care team and are key to the accessibility and delivery of quality patient care.

It is our belief, not because we are nurses, but because of our experience and knowledge, that military nurses and their technical support personnel are the glue that hold military health institutions together, and make them function as living, vital organism. How many operating rooms in the military services are closed today because of lack of CRNAs or operating room nurses and/or technicians, recovery room nurses, or critical care nurses? And by such closures, how many military beneficiaries are either being referred to CHAMPUS or are waiting inordinate periods of time for needed health services? While we do not have the exact figures, we know that the numbers are highly significant as well as costly.

Further, we believe that resolving the nursing shortage in the military service is indeed key to accessible, quality, and cost-effective health services for military beneficiaries in times of peace and mobilization and armed conflict. In addition, we believe that the answer to the problem in the military as well as in the civilian sector is primarily related to the triad of pay, promotion, and practice policies as they relate to high quality practice, maximum utilization of individual capabilities, and thus self esteem. Once self-esteem has been restored among professional nurses, problems related to autonomy and status will take care of themselves.

CRNA SHORTAGES AND THE MILITARY

We are particularly appreciative to you, Senator Inouye and your colleagues, for the help that has been given the AANA and CRNAs in the past, as we have tried to assist the Department of Defense and each of the military services in recruiting and retaining CRNAs both within the military reserves and on active duty. These have included cooperating with military recruiters; writing articles in our publications relative to the active duty and reserve CRNA shortages, encouraging our members to consider military service; making our membership roster available to DOD; and writing to and meeting with military and DOD officials, calling their attention to policies which have, or currently serve as particular irritants to military CRNAs serving as disincentives to retention. Estimates of needs for CRNAs for both the active and reserve forces have been set at approximately 1700. Because of the failure of DOD or the military services to act expeditiously on some of these matters, some of our military members have seriously questioned our efforts. Certainly, the pay of military CRNAs has fallen far behind that within the civilian sector; promotion potential for CRNAs, which affects both morale, pay, and status has seriously declined in the 1980's; and finally, unwarranted practice restrictions, both perceived and real, have served to demean CRNAs, and adversely affect their morale and in some instances their clinical competency. Thus we believe that the basic answer to military shortages of CRNAs, like that for all nurses is centered in the Pay-Promotion-Practice Policies Triad. A fourth area that we must also address relates to education of nurse anesthetists both within and without the military since education of an adequate number of nurses, as well as CRNAs, is essential to meeting the demands for their services both within the military and civilian community.

We have informed the Military Services and DOD over the past few years that pay within the military for CRNAs has seriously fallen behind the pay for civilian CRNAs. Approximately 5 years ago, once a military CRNA reached the grade of major with about 12 to 14 years service, he or she could expect his salary and fringe benefits to match that of the average employed CRNA in the civilian workforce, who often had attained that level in two to 4 years. The shortage of CRNAs in the general population, based on both shortfall of graduates and increased demand, has served to increase civilian CRNA income significantly in the past 3 years to the point where military pay and fringes are no longer comparable to the average employed civilian CRNA. Those who may reach the highest grade anticipated by CRNAs of 0-6 (full colonel or Navy captain), show a decided deficit in income when compared with Chief Nurse Anesthetists in major medical centers. We have furnished a chart with our testimony which demonstrates the wide disparity in military pay for CRNAs and the pay of civilian employed CRNAs. (Exhibit 1) This pay differential ranges from about $10,000 to $36,000 per year on the average, with younger officers showing a greater disparity in pay than more senior officers when compared with their civilian counterparts.

The shortage of CRNAs in the military services has caused some shift in military spaces to civilian slots, which may compromise military readiness. But there is a more immediate problem associated with the conversion of such slots and the necessity to either contract with a specific CRNA or with a locum tenum type provider for their services. A known example is where one military medical center has a personnel contract with one such agency for three CRNAs, paying in excess of $204,000 a year for wages alone for the three CRNA to work 40 hours a week, during the day shift, Monday through Friday. While not knowing what the agency actually charges per CRNA, for their overhead and profit, our estimate, based on known charges for such services, would be an additional 25 percent over that of the wages, or roughly $255,000 total. We also know that the three CRNAs thus contracted for receive $68,000 per year, significantly more than most CRNAs on the staff of this medical center who must also work weekends, cover night call, and put in needed overtime without additional pay. When you consider the pay of a junior captain CRNA in the military services, whose base pay and allowances may come to $35,000, this money could be better spent on retaining military CRNAs or in providing a more equitable pay package to enhance recruiting.

AANA PROPOSAL 1: CRNA PROFESSIONAL PAY/BONUS

We believe it is essential that a professional pay or bonus must be instituted expeditiously for CRNAs if the continuous exodus of experienced, mid-level and senior CRNAs from the military service is to be stopped. Exhibit 2 reflects what we believe such supplements must entail if they are to be effective in retaining CRNAs. These include continuation bonuses and payments for sole anesthetist slots (hardship, isolated, or ship duty), and supplemental payment for CRNA faculty and Chief Nurse Anesthetists in military medical centers. In brief, we believe such a bonus or pay package must range from $5000 to $15,000 per year under most circumstances. For point of comparison, anesthesiologists get up to $40,000 per year additional pay.

The recruiting of CRNAs has always been somewhat problematic for the military services. In the past, the military services have done a better job in preparing their own CRNAs on active duty and retaining them. To what extent this will continue in the future is somewhat unknown since the pay differential between junior officers and civilian CRNAs is significantly greater than that between senior military CRNAs and the average employed CRNA.

AANA PROPOSAL 2: IMPROVING PROMOTION POTENTIAL

Each of the Military Nurse Corps Chiefs has addressed the problems associated with giving constructive credit for nursing experience and advanced nursing education for purposes of initial grade appointment. Promotion potential within the military not only is viewed from the perspective of pay increases, but is most meaningful from the standpoint of military status. Military nurses, including military CRNAs, take seriously their role as military officers and the responsibility and accountability that accompanies that role. Because of the commitment of many nurses, including CRNAs, to military nursing, good promotion potential is probably every bit as essential to a satisfying career as comparable pay with their civilian counterparts. In fact, we have heard many military CRNAs say that military pay would not be as great a problem if CRNA promotion potential was better; for example, if a CRNA with an excellent record could reasonably expect to be promoted to 0-5 (Lt. Colonel or Commander) by the 16th year of service and 0-6 (Colonel or Navy Captain) by the 22nd year.

It is imperative that consideration be given to providing the Nurse Corps the same type of exemption the Medical and Dental Corps have from the Department of Defense Officers Personnel Management Act (DOPMA) so that constructive credit and advanced grade placement will not adversely impact on the promotion potential for officers already on active duty. Further, such exemption could enhance the promotion potential of all military nurses at least up to 0-5 (Lt. Colonel or Commander) by permitting fully qualified officers to be promoted with their peers.

AANA PROPOSAL 3: ELIMINATION OF RESTRICTIVE PRACTICE POLICIES

The third point of the incentive triad is practice policies. Over the past three to four years, there have been unwarranted restrictions placed on CRNA practice within the military which have served as severe irritants, causing some CRNAs to leave the services. Further, these restrictive policies have the potential to diminish the competency of military CRNAs. Restrictions have related to DOD supervision ratios for anesthesiologists and CRNAs, weekly evaluations of CRNA performance by anesthesiologists, and proposed and implemented limitations on CRNA practice in facilities where there are no anesthesiologists. The Air Force Manpower Yardstick that Dr. Mayer has supported as the basis for anesthesia staffing in all three services is essentially devised on a 1 anesthesiologist to 3 CRNA ratio. None of the military services routinely assign anesthesiologists to small, isolated, or hardship tours, including service on ships other than hospital ships, during peacetime. To date, CRNAs fill all of these spaces within the military service, affording them both a surgical and anesthesia capability.

We believe personnel ratios are inherently wasteful because they seldom take into consideration the patient characteristics served. From discussions with our members who are in the military service, we have found that the anesthesiologists may use the ratio during normal working hours to limit the number of operating rooms actually allowed to operate, while at night may or may not come in for emergency cases when a CRNA performs the anesthetic. Such ratio policies and the manner in which they are used often fosters animosity between anesthesia providers.

Military practice policies for CRNAs should foster the maximum utilization of their competencies and capabilities. The CRNA scope of practice defined by the American Association of Nurse Anesthetists should serve as the basis for the delineation of clinical privileges of CRNAs, consistent with the individual's education and practice experience.

Numerous studies have demonstrated that there is no significant difference in the outcomes of anesthesia care based on the provider of that care, regarding anesthesiologists or CRNAs. Further, a congressionally mandated study by the Center for Health Economics Research has demonstrated that CRNAs administer anesthesia services to high risk patients, performing complex procedures in the civilian sector daily. This is an essential capability for military CRNAs who may be called on in times of emergencies and armed conflict to have a high level of competency to meet the anesthesia needs of patients with complex trauma. It is our belief that while anesthesiologists can and do provide medical consultation for complex cases during times of mass casualties, they are most often needed to administer anesthesia and provide resuscitative services, like their CRNA colleagues. Limiting CRNA practice during peacetime is the surest way to undermine their medical readiness for periods of armed conflict or other mass casualty situations.

CRNAs have experience utilizing multiple types of physicians for medical consultation for medical problems perioperatively in the absence of an anesthesiologist. Surgeons, obstetricians, internists, pediatricians, and other medical specialists serve as competent medical consultants for CRNAs when the necessity for consultation arises.

AANA PROPOSAL 4: SCHOLARSHIPS AND CIVILIAN/MILITARY PARTNERSHIPS FOR EDUCATING NURSE ANESTHETISTS

Each of the military services conduct their own nurse anesthesia educational program for active duty nurses who seek to enter this specialty. By the fall, 1989, each of the services will have implemented a two-phase curriculum whereby the principal academic component of the program is offered at one site with the clinical component of the program being offered in multiple sites. At present, the Army has seven clinical sites designated and in use, including one in Hawaii at Tripler Army Medical Center. The Navy has two clinical sites, and the Air Force plan calls for three clinical sites. The manner in which these programs are conducted lends themselves to expanding or contracting to meet service needs so long as the training spaces, faculty and clinical teaching resources are available. However, there are limited numbers of military hospitals both within the continental United States and overseas which have the capability of providing adequate clinical resources for training without additional affiliations.

We believe the provision of scholarships for civilian training of nurse anesthetists, not only for the reserves, but for active duty, could serve as a possible inducement for recruitment. However, if inequitable payback time is instituted, or continued, this may not be an effective inducement. Currently, Army nurses, who go through the 27-month Army nurse anesthesia educational program, are required to pay back six (6) years of service for that education. Anesthesiology residents who acquire 4 years of residency training only have to pay back four (4) years, or 1 year for each year of residency. In the Navy and the Air Force, students graduating from their nurse anesthesia programs have a four (4) year payback period for their 24 months of training, or 2 years per 1 year of training. If such inequitable payback policies are continued, it is possible that in the future it may adversely affect the number of nurses seeking to enter the military nurse anesthesia programs.

Unfortunately, since about 1983, we have lost a significant number of civilian clinical sites for nurse anesthesia training, causing almost a 50 percent decrease in the number of CRNAs being graduated. This has resulted from a variety of causes including the transfer of nurse anesthesia training spaces to anesthesiology medical residency programs, thereby increasing the number of anesthesiologists being trained at the expense of nurse anesthetists. Further, implementation of the Prospective Payment System for Medicare has caused some hospitals concerns regarding educational costs for nurse anesthetists, and they have closed their programs. In fact, even within the military, we have lost some training spaces for nurse anesthetists in major military medical facilities and are having to seek other training sites in smaller hospitals where the full breadth of experience afforded by the major facilities is unavailable. This places a burden on the nurse anesthesia students because it not only requires a major relocation between the academic and clinical phase of the program, it often necessitates affiliations with other institutions to attain the full breadth of clinical experience. This may necessitate an increase in travel and time away from family during the second year of education. We believe that nurse anesthesia education should have coequal priority to medical anesthesiology residency training in the use of the major medical centers within the military. Traditionally, retention of CRNAs within the military services beyond the training payback period has been higher than that for anesthesiologists. As such, nurse anesthetist education may afford a higher return to the military for the resources invested.

Additionally, if we, the profession, could form a partnership with the military to utilize some of their clinical resources, even in smaller military hospitals, for civilian students, it could serve as a recruitment inducement for both active duty and reserve or national guard service. Such partnerships would permit us to prepare more CRNAs and relieve somewhat the civilian shortage, having the potential to bring relief to the upward pressure on wages.

There is a quirk in either legislation or regulation regarding the CHAMPUS Partnership Program which should be evaluated for change. By legislation or regulation, (we have been unable to determine which) CHAMPUS partners, nor the clinical resources that they participate in caring for, cannot be used within educational programs. While at the moment the number of CHAMPUS partners and the amount of clinical resources devoted to them are small, this program is relatively new and can grow to the point where it does become problematic for some educational missions. We believe the educational prohibition should be removed from this legislation, or its regulations, to assure this program will not interfere with training missions. There is evidence at one military medical center this may already be happening with regard to a nurse anesthesia educational mission.

AANA PROPOSAL SUMMARY

In closing and in summary, we would like to recommend the following actions to this committee:

1. Legislative authorization, with needed appropriations for meaningful professional pay or bonus for CRNAs within the military must be enacted expeditiously. Our recommendations for additional professional pay and/or bonuses are attached in Exhibit 2 of our written testimony. Under most circumstances, this should permit a minimum of $10,000 per year, based on the willingness of the CRNA to extend his/her service for 3 years.
2. Promotion potential for nurses, including CRNAs, should be assured for those fully qualified up through the grade of 0-5 (Lieutenant Colonel or Commander) by their 16 to 18th year of service. This might be accomplished through exempting the Nurse Corps from DOPMA.
3. Practice policies for CRNAs within the military services should permit them to practice up to their full competence and capability. Any proposed restrictions, inconsistent with the qualifications and capabilities of CRNAs, should require an impact statement with regard to its effect on recruitment and retention of CRNAs, and the accessibility and delivery of services to military beneficiaries and their costs. It is only through such practice in peacetime, that military nurses, including CRNAs, will be ready to assume their appropriate roles in time of mobilization and war. Further, practice policies which maximize the utilization of CRNA and other nurses capabilities will make military nursing highly attractive and may well serve as an inducement to recruitment as well as to retention.
4. Education scholarships should be made available to military and civilian personnel desiring such support while attending a civilian accredited nurse anesthesia educational program as an inducement to serve on active duty as well as within the reserve forces. However, payback time for both civilian and military students in civilian or military nurse anesthesia educational programs should be equivalent to that of anesthesiology residents for their training. Further, nurse anesthesia education should have coequal priority to clinical teaching resources in major military medical centers.
5. Partnerships between the military and civilian nurse anesthesia educational programs should be encouraged permitting students in civilian programs opportunity to affiliate with a military hospital for a portion of their clinical anesthesia training. It would be hoped that such partnerships might lead to an increased recruitment into the military, both the active and reserve forces.

We thank this Committee for the opportunity to present both oral and written testimony, and would be happy to answer any questions you may have.

EXHIBIT 1

Table 1.—Mean gross annual salary/income for CRNA by year, 1986–89

(Fringe benefits not included)

1986	$46,000
1987	53,615
1988	58,287
1989 (projected, based on trending data)	65,830

Data taken from AANA annual membership survey.

TABLE 2.—DEFICIT BETWEEN 1989 PROJECTED MEAN GROSS ANNUAL INCOME FOR CIVILIAN CRNA'S AND MILITARY CRNA'S AT VARIOUS CAREER POINTS IN 1989.

(Figures rounded to nearest dollar. Fringe benefits not included)

Career point	Annual military pay	Mean annual civilian pay	Deficit between military and civilian pay
0-2—3 year svc	$30,613	$65,830	$35,217
0-3—8 years svc	36,586	65,830	29,244
0-4—14 years svc	43,966	65,830	21,864
0-5—20 years svc	55,435	65,830	[1] 10,395
0-6—26 years svc	68,118	65,830	[1] (+2288)

[1] Since military CRNA's at this level most frequently fill supervisory jobs, these comparisons with the mean annual income of CRNA's do not reflect a valid comparison. Most CRNA's serving in Chief Nurse Anesthetist positions in major medical centers are drawing salaries in excess of $70,000.

NOTE: Data extrapolated from AANA membership annual survey data and 1989 military pay data. Military pay includes basic pay plus quarters (with dependent rate) and subsistence annualized.

Data Extrapolated from AANA Membership Annual Survey Data and 1989 Military Pay Data. Military Pay includes basic pay plus quarters (with dependent rate) and subsistence annualized.

EXHIBIT 2

RECOMMENDATIONS FOR PROFESSIONAL PAY OR BONUS FOR CRNAS ON ACTIVE DUTY WITH THE UNIFORMED SERVICES

1. *Payment for CRNAS who have accrued a payback period of service.*—$5000 Per Year, during period of payback for any years of payback beyond 1 year per year of training. For instance, since the Air Force and Navy require a 4 year payback for 2 years of training, a CRNA would be paid the additional $5000 per year for the last 2 years of payback.

Since the U.S. Army requires a payback period of 6 years for 27 months of training, the payback bonus should extend from the beginning of the 28th month through the sixth year, with the first year bonus prorated for the 9 month additional payback in the 3rd year.

2. *Payment for CRNAS who have completed payback periods.*—$10,000 Per Year, for extending for 3 years; $7,500 Per Year, for extending for 2 years; and $5,000 Per Year, for extending for 1 year.

3. *Payment for chief nurse anesthetists and nurse anesthesia faculty in military medical centers.*—$5,000 Per Year for Chief Nurse Anesthetists and Directors of Phase I and Phase II Nurse Anesthesia Educational Programs; and $3,000 Per year for Didactic and Clinical CRNA Faculty members.

4. *Payment for hardship, isolated, or ship duty by CRNAS.*—(This is defined to mean those assignments where a CRNA is the sole anesthesia provider.) $5000 per year.

We would estimate the cost of these bonuses or supplemental pay to be between $4,000,000-$6,000,000 per year for Active Duty CRNAs.

Consideration should be given to a supplemental pay or bonus for Active Reserve CRNAs. We would recommend a supplemental pay or bonus of $100 per weekend drill, and $500 per two week active duty tour. This would amount to approximately $1600 per Reserve CRNA. We believe this may be warranted due to the current shortage of CRNAs in the civilian community and the money CRNAs can make by moonlighting on weekends they would otherwise spend on Reserve training.

AMERICAN ACADEMY OF OTOLARYNGOLOGY—HEAD AND NECK SURGERY, INC.

STATEMENT OF AINA JULIANNA GULYA, M.D., ON BEHALF OF THE AMERICAN ACADEMY OF OTOLARYNGOLOGY-HEAD AND NECK SURGERY, INC.

Senator INOUYE. Our next witness is Dr. Julie Gulya of the American Academy that is in charge of head and neck surgery. I do not want to tackle that word. I know I am going to make a mistake.

Dr. **Gulya**. That is why it takes so long to train to be an otolaryngologist.

Mr. Chairman and members of the subcommittee, I am Aina Julianna Gulya, M.D., a practicing otolaryngologist in Washington, DC, and I also serve on the faculty of George Washington University, and I am here today as a representative of the American Academy of Otolaryngology-Head and Neck Surgery, the largest organization of otolaryngologist, head and neck surgeons in the world, with more than 8,000 members, including 96 percent of all board-certified otolaryngologists.

The specialty of otolaryngology-head and neck surgery encompasses surgeons whose expertise involves the management of disorders of hearing, balance, the facial nerve, the nose, facial bones, as well as benign and malignant disorders of the mouth, trachea, larynx, thyroid, and esophagus.

OTOLARYNGOLOGY RESEARCH IN ARMED SERVICES

Mr. Chairman, this is the first time the academy has appeared before you, and we do so now to express our concern about otolaryngology research in the armed services. Over the past year, the academy has made a serious attempt to reach out to all of the Federal agencies currently supporting research in the field of otolaryngology. Obviously, one of these agencies is the Department of Defense and its constituent branches. We have identified at least eight other Federal agencies which are involved in research in otolaryngology.

And our major purposes in dealing with all of these agencies are: one, to attempt to ensure that we understand all the currently active research; and two, to allow us to lend the expertise of our members who are concerned with research to these agencies.

We, therefore, indicate to this committee that shortly we will begin work with the surgeons general of the armed services to develop an overview of ongoing otolaryngology research and to relate those areas under investigation in the military to the research undertaken and supported by other agencies.

I would like to emphasize to you that the scope of otolaryngology has expanded drastically over the last 20 years, thrusting the otolaryngologist-head and neck surgeon into the forefront of the emergency management of head and neck trauma.

TYPES OF INJURIES TREATED

Let me give you some examples of the kinds of injuries that could be caused in wartime that would be dealt with by an otolaryngologist: penetrating or blast injuries to the head and neck can cause airway and major vessel disruption, with consequent loss of airway or breathing difficulty and hemorrhage, or major bleeding.

The otolaryngologist dealing with head and neck disease on a daily basis is equipped with the expertise to manage such injury, performing such procedures as emergency tracheotomies and so on.

Similarly, maxillofacial injuries, that is major injuries to the facial bones and jaw, are among those treated by the otolaryngologist-head and neck surgeon, and are severe and frequently occurring events in warfare.

One can also focus on another set of wartime events; namely acoustic trauma. Events such as bomb or shell explosions can cause a severe temporary hearing loss, or even destruction of the elements of the hearing mechanism, such that the afflicted serviceman is unable to communicate by telephone, radio, or otherwise, thus posing a danger to himself as well as his companions.

It is the concern of the otolaryngologist to diagnose and treat the immediate hearing loss and determine when the soldier can most expeditiously, yet safely, be returned to his unit. The management and prevention of such hearing losses fall directly within the expertise of the otolaryngologist-head and neck surgeon.

If the committee so desires, we would be pleased to work with staff in the development of bill report language calling upon the surgeons general of the Armed Forces to participate with the American Academy of Otolaryngology-Head and Neck Surgery in the analysis of research programs now ongoing in order to have them appropriately related to the research endeavors of other Federal agencies, including the new National Institute on Deafness and Other Communication Disorders.

We are aware that the services themselves have various coordinating authorities and certainly have no wish to intrude ourselves in any way into that process.

Thank you for giving us the opportunity to testify before your committee, and I will be pleased to any questions you may have.

ACTIVE RESEARCH PROGRAM

Senator **Inouye**. Doctor, are you telling us that the Department of Defense has no research program?

Dr. **Gulya**. No, not at all, sir. They do have a very active research program. Our concerns are that, with the current constraints on fiscal matters, that perhaps rather than unnecessarily reduplicating research efforts, it would be best to coordinate research activities.

We have at least nine Federal agencies of which we are aware conducting research in otolaryngology, and it would seem to be most efficient if we could eliminate areas of unnecessary overlap by having an overall coordination of the ongoing activities.

Senator **Inouye**. If you will keep this Committee apprised of your discussions with the surgeons general, I would appreciate that. If you can provide us with the legislative language that you spoke of, I will instruct my staff to work with you, with the possible goal of placing that in our measure.

Dr. **Gulya**. Thank you very much, sir.

Senator **Inouye**. Thank you.

[The statement follows:]

Statement of Aina Julianna Gulya, M.D.

Mr. Chairman and Members of the Subcommittee, I am Aina Julianna Gulya, M.D., a practicing otolaryngologist here in the Washington, DC area, and I also serve on the faculty of the George Washington University. I am here today as a representative of the American Academy of Otolaryngology-Head and Neck Surgery, Inc., the largest organization of otolaryngologists—head and neck surgeons in the world with more than 8,000 members, including 96% of all board certified otolaryngologists.

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I would like to emphasize to you that the scope of otolaryngology has expanded radically over the past twenty years, thrusting the otolaryngologist-head and neck surgeon into the forefront of the emergency management of head and neck trauma.

Let me now give you some examples of the kinds of injuries that could be caused in wartime which would be dealt with by an otolaryngologist.

Penetrating or blast injuries to the head and neck can cause airway and major vessel disruption with consequent loss of airway (breathing difficulty) and hemorrhage (major bleeding). The otolaryngologist, dealing with head and neck disease on a daily basis, is equipped with the expertise to manage such injuries, performing such procedures as emergency tracheotomies, etc.

Similarly, maxillofacial injuries (major injuries to the facial bones and jaw) are among those treated by the otolaryngologist-head and neck surgeon, and are severe and frequently occurring events in warfare.

One can also focus upon another set of wartime events, namely acoustic trauma; events such as bomb or shell explosions can cause a severe temporary hearing loss, or even destruction of elements of the hearing mechanism, such that the afflicted serviceman is unable to communicate by telephone, radio, or otherwise, thus posing a danger to himself as well as his companions. It is the concern of the otolaryngologist to diagnose and treat the immediate hearing loss and determine when the soldier can most expeditiously, yet safely, be returned to his unit. The management and prevention of such hearing losses fall directly within the expertise of the otolaryngologist-head and neck surgeon.

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We are aware that the services themselves have various coordinating authorities and certainly have no wish to intrude ourselves in any way into that process.

Thank you for giving us the opportunity to testify before your committee, and I will be pleased to answer any questions you may have.

NAVAL RESERVE ASSOCIATION

STATEMENT OF CAPT. CHARLES A. BUESENER, USNR (Ret.), DIRECTOR OF LEGISLATION, NAVAL RESERVE ASSOCIATION

ACCOMPANIED BY KENNETH WELCH, PRESIDENT, NAVAL RESERVE ASSOCIATION

Senator **INOUYE**. Our next witness is the director of legislation of the Naval Reserve Association, Capt. Charles Buesener.

Captain, welcome, sir.

Would you identify your associate.

Mr. **WELCH**. I am the president of the association, sir.

Captain **Buesener.** It is again my pleasure to appear before this committee, and I would like to say from the outset that the modernization and capability that is residing in the Naval Reserve today is in large part due to your continued interest and concern relative to its war-fighting capabilities.

Today we are in an atmosphere where we hear more and more of increasing responsibility and force structure being placed into the Reserve component. Certainly that may not only be necessary, it may be desirable from an economic standpoint. But I think it is well for us to remember the status of the baseline of the current structure that is there now, so that we do not repeat some of the sad things that occurred to us in the past.

EQUIPMENT KEY TO SUCCESS

We all should be able to learn from history and not repeat it. We must remember that equipment is the key. The last major callup of a Reserve component occurred in 1968. During that time, six naval air squadrons were called to active duty. Nine months later they were released. None were combat-deployed. Their entire time was spent in transitioning to combat-capable equipment and predeployment workup.

As we approach the decade of the nineties and increased reliance is required of the Reserve components, more rapid and responsive reaction to deployment by the Reserve components, we cannot afford to set them up to be in a position where they cannot serve the Nation properly and respond to the threat quickly.

Again, our testimony keys on this issue, not so much to present to you an overwhelming bill, but to present to you a picture of the status of the current Reserve force relative to their proximate combat deployment.

ANTISUBMARINE WARFARE

One of the largest missions of the Naval Reserve force is antisubmarine warfare. For a long time ASW has been the genie in the bottle. It was not a very highly publicized mission, often and continually overshadowed by power projection force consideration.

But the fact of the matter is that recent developments on the Soviets' part have effectively let the genie out of the bottle. And yet, when we review the status of the Reserve force ASW capability, we find the entire force of land-based maritime airplanes will exceed their service life in the mid-nineties.

New replacement aircraft are not going to arrive in time, even if the new programs are funded. We have 26 frigates assigned. They are not fully equipped to meet the ASW mission. They do not have towed arrays, they do not have on-board processors.

The helicopters that are assigned to them, that are essential to the prosecution of targets further and further away, are in the midst of an upgrade system, an upgrade that, I might add, has been the direct result of continuing congressional interest and add-on funding. This upgrade is about 30 percent complete, and one of the items that we have in our written statement is the recommendation to continue that in the 1990–91 budget. It is essential if our combat capability is to be maintained.

TACTICAL AIR FORCES

Our tac air forces, tactical air is pure power projection. It is the only reason it exists. The only airplane that is currently in the inventory that is capable of night all-weather long-range weapons delivery is the A-6. The A-6 transition in the Reserve program, which commenced last year and which was scheduled to continue through 1990-91, has been effectively terminated due to lack of assets.

We have 4 planes for a required 10 on board in Alameda and none in the Atlanta area, and no further assets are being provided to us at the present time. It is at least a 1-year slip. But a Reserve tactical air wing without A-6's is a very tenuous project for meeting the combat objective.

MINE WARFARE

Another part of the Reserve operation that we are also concerned with is mine warfare. We all know the history of mine warfare. It has been slow in coming.

A significant adjunct to mine warfare is route surveys from the pier to the sea buoy. We have seen what one rock did just south of Valdez. Well, I would submit to you one undetected mine in the Chesapeake Bay can do significantly more damage.

And yet our capability does not exist now to survey routes for egress from port, from the pier to the sea buoy, where the mine countermeasures and coastal mine ships can take over. This has been a program that has been very, very slow to develop. There is a program where we can and should investigate the procurement and development of a smaller type patrol craft to accomplish this very essential first step in the successful egress of ships from the harbor to the European theater of operations.

SIMULATION TECHNOLOGY

Finally, let me talk a little bit about simulation. As money gets tight, particularly in the O&M budget, which is now year dollars, travel expenses become more and more difficult to fund. We preserve our flight hours, we preserve our steaming hours, and often the per diem and the bus tickets to training locations go down the tubes first.

We ought to take every opportunity, therefore, in the Reserve community to exercise the advantage that simulation technology provides us. Thanks to this Congress, there is a shipboard ASW simulator that has been developed, procured through the auspices and under the direction of the Navy, and is now ready to be installed on some of our frigates.

We have 4 of them and 28 frigates. We think that we should also exploit that possibility to maximize the scarce amount of time to train our individuals in this very, very complex warfare specialty.

Finally, in terms of expansion of the Naval Reserve relative to population demographics, unlike some of the other services, and particularly in surface ship part of our Reserve component, we are demographically shackled to being close to water. I have heard some people say that we are going to get, perhaps, 100 new ships in the Naval Reserve.

That type of growth should be approached very, very carefully. It should be approached from the point of view, I think, of how responsive and capable we can be. We have a finite number of ports and population surrounding those ports from which we can draw the people to manage ships.

Growth beyond our current end strength in the near term is probably not feasible. However, within those already authorized gross numbers I think there is a possibility to examine the mix between hardware; that is, people on ships, and augment units, and people that go to ships that are already in the active Navy.

And there should be a possibility for a shift to fewer augment units and more of the people involved in hardware, and there should be some associated growth capability in that area.

I want to thank you for your time and your continued support, and I stand by to answer any questions, not only today but during the course of your most, most difficult deliberations this session.

Thank you very much.

Senator INOUYE. The sentiments you have expressed, Captain, are shared by many of us here. We have, for example, watched the progress of the ship procurement program to reach that ultimate 600, and in that process we have also noted that we have failed to put up enough money for aircraft. The ships came first, aircraft second.

We are now in the process of trying to undo this imbalance. We hope we will succeed.

On our concern about small minesweepers, it may please you to know that this subcommittee is very supportive. We have said that in writing just recently.

All of us are aware that the budgetary constraints are very severe. But as I indicated to your colleagues in the Reserves, we on this subcommittee foresee a much greater mission for the Reserve units of the United States, and we will do our utmost to beef it up.

Captain BUESENER. Thank you very much, Mr. Chairman.

Senator INOUYE. Thank you, sir.

[The statement follows:]

STATEMENT OF CAPT. CHARLES A. BUESENER

Mr. Chairman, Distinguished members of the Committee, it is a privilege to have this opportunity to present the views of the Naval Reserve Association to the committee for your consideration.

The FY90/91 Defense budget signifies the beginning of the "Challenge of the 90's" for the Naval Reserve. In many respects this decade's fiscal constraints parallel the funding scenario prevalent at the beginning of the 70's. Historically, as we all should remember, such an environment does not bode well for the Naval Reserve.

The Total Force Policy which evolved during the 70's and thrived to a certain extent in the fiscally lush years of the 80's will face its first real challenge in the 90's as Defense budgets continue to shrink.

In a very real sense the cyclical down turn in Defense funding could not have happened at a more critical time as the Navy, as well as the other uniformed components, faces a massive modernization requirement driven by significant technological advances currently available and being introduced by the Soviets as well as ourselves.

These new technologies of and by themselves generate a compulsive requirement to modernize the force. The emergence of stealth technology, for example, requires the replacement of the entire manned bomber force as well as almost all of the Navy and Air Force tactical Air Forces. Already, replacement aircraft incorporating these new technologies are on the drawing boards or are actually flying, B2, ATA, ATF and ATS to name a few. Although the procurement price tag is enormous, the failure to modernize could well be catastrophic.

The most profound and threatening technological advances have occurred in the quieting of the Soviet submarine force which, if not countered by an aggressive Anti-Submarine Warfare effort on our part, could well put in jeopardy

OUR ABILITY TO SUPPORT OUR NATO ALLIES, TO RESUPPLY EUROPE, AND TO CARRY OUT OUR POWER PROJECTION MARITIME STRATEGY CENTERED ON OUR 15 CARRIER BATTLE GROUP FORCE STRUCTURE.

ADMIRAL C.A.H. TROST, THE CHIEF OF NAVAL OPERATIONS, IN HIS FY90 POSTURE STATEMENT ADDRESSED THE SOVIET THREAT AS FOLLOWS:

> "DETERRING THE SOVIET UNION REMAINS A PRIMARY CHALLENGE FOR OUR FORWARD DEPLOYED NAVY. WHILE WE MUST LISTEN HOPEFULLY TO ALL SOVIET PROPOSALS, WE CANNOT PERMIT OURSELVES TO BE LULLED INTO COMPLACENCY CONCERNING THE SOVIET THREAT. AFTER ALL, GLASNOT AND PERESTROIKA ARE POLICIES AIMED AT ARRESTING THE DETERIORATING SOVIET ECONOMY. IF THESE POLICIES SUCCEED, THE MILITARY POTENTIAL OF THE SOVIET UNION COULD EVENTUALLY BE EVEN GREATER THAN TODAY. SINCE 1981, THE SOVIETS HAVE PUT TO SEA SIX NEW CLASSES OF GENERAL PURPOSE SUBMARINES, FOUR NEW CLASSES OF SURFACE WARSHIPS, AND THREE NEW TYPES OF NAVAL AIRCRAFT. THEY ARE BUILDING A NEW 65,000-TON CLASS OF AIRCRAFT CARRIER THAT WILL BRING A SIGNIFICANT NEW CAPABILITY TO THEIR FLEET IN THE NEXT FEW YEARS, JOINING THEIR FOUR KIEV CLASS CARRIERS ALREADY FULLY OPERATIONAL AT SEA. WE HAVE SEEN LITTLE SLACKENING IN THEIR BUILDING EFFORTS.
>
> "I AM PARTICULARLY MINDFUL OF SOVIET SUBMARINE CAPABILITIES, AND OUR OWN ANTISUBMARINE WARFARE EFFORTS REMAIN MY TOP WARFIGHTING PRIORITY. THE NEW SSN-21 SEAWOLF ATTACK SUBMARINES AND THE NEW LONG RANGE AIR ASW CAPABILITY AIRCRAFT (LRAACA) ARE THE ESSENTIAL NEXT GENERATION OF ASW FORCES. WHEN COMBINED WITH PLANNED IMPROVEMENT TO OUR CARRIER-BASED ASW AIRCRAFT AND HELICOPTERS AND THE INTEGRATED ASW CAPABILITY ON OUR NEW SURFACE COMBATANTS, THEY PROVIDE US THE FORCES NECESSARY TO MEET THE SOVIET ASW CHALLENGE. ASW IS A FORCE STRUCTURE INTENSIVE PROBLEM. THERE ARE NO SILVE

> BULLETS OR EASY PAT ANSWERS TO ASW. NOR IS THERE A TECHNICAL BREAKTHROUGH ON THE HORIZON TO MAKE ASW SIMPLE: IT TAKES THE COMBINED EFFORTS OF ALL OUR ASW FORCES -- SURVEILLANCE SYSTEMS, ATTACK SUBMARINES, ASW AIRCRAFT AND HELICOPTERS, AND SURFACE COMBATANTS -- TO DEFEAT A LARGE SUBMARINE THREAT. TO SUCCEED AT ASW YOU HAVE TO DO IT THE OLD FASHIONED WAY; WORK HARD AND COMBINE ALL THE FORCES AT YOUR DISPOSAL. THIS IS A LESSON WE LEARNED IN WORLD WAR II AND IT REMAINS VALID TODAY."

THE QUESTION REMAINS HOWEVER, HOW MUCH MODERNIZATION AND FORCE STRUCTURE WILL BE FUNDED BY CONGRESS? DEFINITELY THE FUNDING TREND S DOWNWARD. A QUICK ANALYSIS INDICATES HOW MUCH THE DEFENSE PLAN HAS ALREADY BEEN TRIMMED.

THE DEFENSE BUDGET PLAN SUBMITTED IN JANUARY 1987, JUST TWO YEARS AGO, PROPOSED THE FOLLOWING FUNDING LEVELS: (ALL FIGURES ARE CURRENT $ IN BILLIONS).

	FY 90	FY 91	FY 92	FY 93	FY 94
JAN 1987	343.9	364.9	386.5	409.6	434

THE FY90/91 REAGAN BUDGET SUBMITTED IN JANUARY 1989 IS AS FOLLOWS:

	FY 90	FY 91	FY 92	FY 93	FY 94
JAN 1989	305.6	320.9	335.7	350.7	365.6
REDUCTIONS FROM 1987	-38.3	-44.0	-50.8	-58.9	-68.4

HOWEVER, THE REAGAN FY 90/91 BUDGET HAS ALREADY BEEN FURTHER REDUCED BY PRESIDENT BUSH AS FOLLOWS:

	FY 90	FY 91	FY 92	FY 93	FY 94
FEB 1989 BUSH REDUCTIONS	-6.1	-9.5	-13.4	-14.6	-15.6
REVISED DOD BUDGET	299.5	311.4	322.3	336.1	350.0

IN AGGREGATE, IN JUST 25 MONTHS (JAN 87-FEB 89) THE DOD BUDGET HAS BEEN REDUCED AS FOLLOWS:

CUMULATIVE REDUCTION (IN BILLIONS)

FY 90	FY 91	FY 92	FY 93	FY 94
44.4	53.5	64.2	73.5	84.0

FURTHER, MANY BELIEVE THAT EVEN THIS LEVEL OF FUNDING CAN NOT BE SUSTAINED AND ARE RECOMMENDING FURTHER SIGNIFICANT REDUCTIONS, REDUCTIONS WHICH, IN FACT, COULD DRIVE THE FY90 BUDGET DOWN TO THE $290 BILLION RANGE. REDUCTIONS OF THIS MAGNITUDE MAY WELL REQUIRE AN ACROSS THE BOARD REDUCTION IN CURRENTLY PLANNED MODERNIZATION AND EXISTING FORCE STRUCTURE

THE HONORABLE WILLIAM L. BALL, III, SECRETARY OF THE NAVY, IN HIS POSTURE STATEMENT IN SUPPORT OF THE PRESIDENT'S FY90/91 BUDGET ADDRESSES BUDGET PRIORITIES AS FOLLOWS.

RESOURCES

> "THE PRESIDENT'S BUDGET REQUEST FOR FY1990/91 REPRESENTS LESS THAN FIVE AND ONE-HALF PERCENT OF OUR GNP. THE NAVY DEPARTMENT'S SHARE OF THE DEFENSE BUDGET REPRESENTS A WELL-BALANCED PROGRAM TO DELIVER THE GREATEST COMBAT EFFECTIVENESS POSSIBLE WITH THE DOLLARS ALLOCATED. THE UNDERSTANDABLE DECLINE IN RESOURCES AVAILABLE FOR DEFENSE HAS CHALLENGED US TO TIGHTEN OUR FORCE AND MAKE HARD DECISIONS ON EVERY DOLLAR SPENT FOR READINESS. I BELIEVE THAT WE HAVE MET THE CHALLENGE AND HAVE MANAGED OUR SMALLER SHARE OF THESE RESOURCES WITHOUT REDUCING OUR ABILITY TO MEET NATIONAL COMMITMENTS. THIS HAS BEEN A DIFFICULT PROCESS, AND WE ARE NOW AT THE LIMIT OF WHAT CAN BE DONE WITHOUT JEOPARDIZING OUR ABILITY TO MEET COMMITMENTS OR BREAKING FAITH WITH OUR PEOPLE.

"THE REVISIONS MADE NECESSARY BY THE OVERALL DEFENSE BUDGET CUTS OF THE LAST FOUR FISCAL YEARS HAVE HAD CUMULATIVE EFFECTS. FIRST, THERE IS INCREASED RISK WHICH ATTENDS THE CURTAILMENT OF SOME PROMISING DEVELOPMENT AND PROCUREMENT PROGRAMS IN ORDER TO FUND OUR MORE URGENT OPERATING NEEDS. SECOND, EFFICIENCIES ARE LOST WHEN WE INTRODUCE CHANGE AND INSTABILITY IN PROCUREMENT PROGRAMS WHICH INCREASE BUSINESS COSTS. OUR INABILITY TO FULLY FUND NECESSARY PROGRAMS IN FY 90/91 WILL PREDICTABLY MAKE FUTURE MODERNIZATION TO OUR FORCE STRUCTURE EVEN MORE EXPENSIVE."

BUDGET PRIORITIES

"IN REAL TERMS, NAVY AND MARINE CORPS FUNDING REMAINS BELOW THAT OF ANY FISCAL YEAR SINCE 1984. WE HAVE TRIMMED EVERY POSSIBLE ACCOUNT IN ORDER TO SUPPORT NATIONAL COMMITMENTS WHILE CONTINUING SUCH HIGH PRIORITY PROGRAMS AS THE V-22 OSPREY, THE A-12, DDG-51, TRIDENT D-5, AND THE SSN-21. THE BUDGET SUBMITTED FOR FY 1990-91 REFLECTS THE CLEAR PRIORITIES ESTABLISHED IN GUIDANCE FROM THE PRESIDENT AND SECRETARY OF DEFENSE. WE HAVE SUPPORTED AND FUNDED PERSONNEL AND MATERIAL READINESS, AND ENDEAVORED TO PROTECT FORCE STRUCTURE GAINS OF THE PAST YEARS IN AN OVERALL BALANCED PROGRAM.

"THE DEPARTMENT'S AIM IS TO CONTINUE MAXIMIZING THE DETERRENT AND COMBAT CAPABILITY OF OUR FORCES FOR THE FUTURE THROUGH PRUDENT INVESTMENT AND CAREFUL MANAGEMENT. WE MUST CONTINUE TO ENSURE THAT THERE WILL BE SUFFICIENT TOOLS FOR OUR SAILORS AND MARINES TO FIGHT. WE WILL NEED HELP FROM THE CONGRESS TO BUY SHIPS, AIRCRAFT, AND WEAPON SYSTEMS WHICH ARE AFFORDABLE IN THE NUMBERS NECESSARY. OUR EMPHASIS HAS BEEN ON CAPABILITY AT AN ACCEPTABLE COST. THE CAPITAL INVESTMENT MADE IN THE FLEET HAS BEEN REPAID THROUGHOUT LONG SERVICE LIVES OF OUR SHIPS AND EQUIPMENT, SOME MUCH LONGER THAN WE

DESIRE, AND IN THE PURCHASE OF NEW EQUIPMENT WHICH COMPLEMENT OLD. THE NAVY AND MARINE CORPS HAVE BEEN MANNED AT LEVELS CONSISTENT WITH A CONSTRAINED BUDGET. THEY HAVE BEEN EQUIPPED AND SUPPLIED TO MEET PROJECTED THREATS. CLEARLY, IF WE ARE TO ADHERE TO THE PLANNING OBJECTIVES AND MANAGEMENT CONCEPTS EMBODIED IN THE BUDGET, WE WILL NEED THE STABLE FUNDING LEVELS BEING REQUESTED THIS YEAR AND THE INCREASES PLANNED FOR THE FUTURE.

"THE FY90/91 REVISED BUDGET REPRESENTS THE CORRECT BALANCE BETWEEN COMPETING REQUIREMENTS INCLUDING FORCE MIX, READINESS, SUSTAINABILITY AND INVESTMENT IN RESEARCH AND DEVELOPMENT. THIS CAREFULLY STRUCTURED BUDGET WILL SUPPORT OPERATIONS AT PEACETIME NORMS AND CURRENT LEVELS OF READINESS. THE BUDGET WILL IMPOSE CERTAIN DELAYS ON THE PACE OF MODERNIZATION AND IT WILL DEFER ATTAINMENT OF LONG-STANDING FORCE GOALS IN SOME AREAS."

CLEARLY, THE PROCUREMENT AND MODERNIZATION PLANS FORMULATED AND PROGRAMMED JUST TWO YEARS AGO AND BASED ON A CONSIDERABLY ENHANCED FUNDING LEVEL ($343.9 BILLION VICE $299.5 BILLION IN FY90) HAVE ALREADY BEEN MODIFIED AND WILL HAVE TO BE FURTHER MODIFIED IF CONGRESS REDUCES DOD FUNDING FURTHER.

MANY CURRENT MODERNIZATION PROGRAMS SUCH AS THE ATF, ATA, LRAACA, SSN-21 AND DDG-51 FOR EXAMPLE, WERE INITIATED DURING THE ROBUST FUNDING ENVIRONMENT OF THE MID TO LATE 80'S WITH ANNUAL PRODUCTION TO BEGIN IN THE LATE 80'S AND 90'S.

UNFORTUNATELY, THE FUNDING ENVIRONMENT HAS CHANGED SIGNIFICANTLY. FOR EXAMPLE, THE LEVEL OF FUNDING CURRENTLY PROGRAMMED FOR FY93 IS SOME $73.5 BILLION LESS THAN THAT PLANNED IN 1987.

CLEARLY, REDUCTIONS OF THIS MAGNITUDE WILL REQUIRE EXTENSIVE ADJUSTMENT ON THE PART OF THE DEPARTMENT OF DEFENSE. OBVIOUSLY, SOME ADJUSTMENTS HAVE ALREADY

BEEN IMPLEMENTED TO MEET THE BUDGET REDUCTIONS ALREADY IMPOSED. THE REMAINING OPTIONS DELINEATED BELOW ARE BOTH FEW IN NUMBER AND DRASTIC IN CONSEQUENCE.

- CANCEL EXISTING PROCUREMENT LINES EARLY (P3C, A6E, SSN-688)
- CANCEL NEW PROGRAMS
- DELAY START OF INITIAL PROCUREMENT FOR NEW EQUIPMENT
- STRETCH-OUT EXISTING PROGRAMS (I.E. BUY FEWER NUMBER OF UNITS PER YEAR)
- REDUCE FORCE STRUCTURE AND READINESS ACCOUNTS
- REDUCE MANPOWER

THE TREND IN FISCALLY CONSTRAINED TIMES SUCH AS THESE IS TO LOOK FOR WAYS TO PLACE MORE COMBAT UNITS INTO THE RESERVE FORCE STRUCTURE. IN TRUTH, THE TOTAL FORCE POLICY EVOLVED OF NECESSITY FROM THE FISCAL CONSTRAINTS OF THE 70'S.

TODAY, SIGNIFICANT PORTIONS OF THE NAVY'S COMBAT CAPABILITIES ARE IN THE NAVAL RESERVE AS THE NAVAL RESERVE HAS GROWN MORE THAN 50 PERCENT IN THE LAST SEVEN YEARS. IN MISSION AREAS SUCH AS HELICOPTER STRIKE RESCUE AND SPECIAL WARFARE SUPPORT, MOBILE INSHORE/UNDERSEA WARFARE AND CONUS BASED HEAVY AIRLIFT AND COMPOSITE SQUADRONS, ALL THE NAVY'S CAPABILITY IS CURRENTLY IN THE NAVAL RESERVE FORCE. IN ADDITION, 80 PERCENT OF THE MINE WARFARE SHIPS, 50 PERCENT OF THE MOBILE CONSTRUCTION BATTALIONS AND THE NAVAL INTELLIGENCE CAPABILITY, AND 35 PERCENT OF MARITIME AIR ASW ARE IN THE NAVAL RESERVE.

IN TODAY'S FISCAL ENVIRONMENT MANY NATIONAL LEADERS AND DEFENSE EXPERTS ARE RECOMMENDING THAT FURTHER MIGRATION OF FORCE STRUCTURE FROM ACTIVE TO RESERVE COMPONENT STATUS SHOULD BE INVESTIGATED.

NATIONAL SECURITY CHIEF BRENT SCOWCROFT, IN HIS DEFENSE AND ARMS CONTROL POLICY PAPER, STATES THE FOLLOWING:

> "OVER THE LONG RUN, ONE MAJOR EVOLUTION THAT COULD HELP SAVE SUBSTANTIAL FUNDS IN THE DEFENSE BUDGET WOULD BE SYSTEMATICALLY TO MOVE A LARGER NUMBER OF UNITS FROM ACTIVE

TO RESERVE OR CADRE STATUS. HISTORICALLY, RESERVE STATUS HAS WORKED QUITE WELL FOR UNITS THAT OPERATE AIRCRAFT IN ALL FOUR SERVICES. IN MANY PARTS OF THE RESERVES THAT OPERATE AIRCRAFT THE READINESS AND MAINTENANCE ARE SUPERIOR TO THOSE FOR ACTIVE UNITS. FAR MORE MONEY IS SAVED, HOWEVER, IF GROUND FORCE UNITS ARE MOVED INTO RESERVE STATUS. THIS ENTAILS A DECLINE IN THE NUMBER OF UNITS THAT COULD BE DEPLOYED QUICKLY, OF COURSE. SUCH UNITS ARE TYPICALLY NOT SO READILY DEPLOYABLE AS AIRCRAFT RESERVE UNITS, AND FOR MANY TYPES OF UNITS A TRANSFER TO RESERVE STATUS CAN FORCE THE LOSS OF ALL-IMPORTANT CADRES OF WELL-TRAINED OFFICERS AND NON-COMS. BUT, IF PROPERLY MANAGED, AN EVOLUTION TOWARD GREATER RELIANCE ON RESERVE AND CADRES WOULD BE FAR SUPERIOR TO RETAINING ACTIVE FORCES OF THE SIZE THAT WE NOW HAVE AND SEEING THEIR READINESS DETERIORATE ACROSS THE BOARD - PRODUCING THE "HOLLOW ARMY" DESCRIBED BY ONE FORMER ARMY CHIEF OF STAFF, AND THREE OTHER HOLLOW SERVICES AS WELL - THROUGH GENERAL READINESS AND TRAINING CUTS. POLITICAL RIGIDITIES WITH RESPECT TO GUARD AND RESERVE FORCES CLEARLY EXIST - E.G., THE POLITICAL PRESSURE TO MAINTAIN LARGE GUARD UNITS WITH MANY SENIOR OFFICERS - AND THESE RIGIDITIES SUBSTANTIALLY REDUCE THE EFFECTIVENESS AND FLEXIBILITY OF RELIANCE ON THE RESERVE AND THE GUARD. BUT IT MAY BE PREFERABLE TO WORK TO CHANGE THESE RIGIDITIES RATHER THAN TO LIVE WITH THE CONSEQUENCES OF OVERALL READINESS AND TRAINING CUTS."

FORMER SECRETARY OF THE NAVY, JOHN LEHMAN IN HIS RECENTLY PUBLISHED BOOK, "COMMAND OF THE SEAS", DISCUSSES ACTIVE/RESERVE FORCE MIX AS FOLLOWS:

"BALANCE SHOULD BE MAINTAINED BETWEEN ACTIVE AND RESERVE FORCES. THE CURRENT FORCE STRUCTURE IN EACH OF THE ARMED SERVICES TODAY IS ABOUT RIGHT. THE ARMY HAS 28 DIVISIONS, THE NAVY WILL SOON HAVE 15 CARRIER BATTLE GROUPS AND 4

BATTLESHIP BATTLE GROUPS, THE AIR FORCE AS 37 FIGHTER WINGS, AND THE MARINE CORPS 6 DIVISION EQUIVALENTS AND 4 AIR WINGS. EACH OF THE SERVICES, HOWEVER, HAS TOO MUCH OF THIS FORCE STRUCTURE ON FULL-TIME ACTIVE DUTY. WE DO NOT NEED 18 ACTIVE AND 10 RESERVE ARMY DIVISIONS; THE RATIO SHOULD BE THE REVERSE. INSTEAD OF A 600-SHIP NAVY OF 550 ACTIVE AND 50 RESERVE SHIPS, THE RATION SHOULD BE 450 ACTIVE AND 150 RESERVE. WE DO NOT NEED TWO-THIRDS ACTIVE WINGS AND ONE-THIRD RESERVE WINGS IN THE AIR FORCE, BUT RATHER, CLOSER TO HALF AND HALF. INSTEAD OF 5 ACTIVE DIVISION EQUIVALENTS IN THE MARINE CORPS (OFFICIALLY THERE ARE ONLY 3 DIVISIONS) AND 1 RESERVE, THE RATIO SHOULD BE 2 ACTIVE AND 4 RESERVE.

"EACH OF THE MILITARY SERVICE BUREAUCRACIES WILL TENACIOUSLY RESIST CHANGING THE EXISTING RATIOS. THE REASONS ALWAYS GIVEN ARE THAT THERE ARE INSUFFICIENT TRAINING FACILITIES AVAILABLE TO EXPAND THE RESERVE AND THAT EACH SERVICE IS HAVING ENOUGH TROUBLE RECRUITING TO FILL CURRENT RESERVE BILLETS WITHOUT EXPANDING THEM. THESE ARGUMENTS ARE ILLOGICAL AND EASILY REFUTED. IF THERE ARE FEWER ACTIVE FORCES USING THE TRAINING FACILITIES AND RANGES, MORE WOULD BE AVAILABLE FOR THE RESERVE. IT WOULD REQUIRE SHIFTING SOME OF THE RESERVE TO THE EFFECTIVE SYSTEM USED BY MANY OF OUR EUROPEAN ALLIES. INSTEAD OF MONTHLY WEEKEND DRILLS OF LIMITED UTILITY, THERE SHOULD BE ONE TWO-WEEK TO ONE-MONTH ANNUAL TRAINING PERIODS, USING THE BEST EQUIPMENT ON THE BEST TRAINING RANGES. ANSWERING THE SECOND ARGUMENT, OBVIOUSLY IF YOU ARE ABLE TO RECRUIT FOR FULL-TIME ACTIVE DUTY, YOU CAN CERTAINLY RECRUIT FOR PART-TIME ACTIVE DUTY. TO DO SO EFFECTIVELY, HOWEVER, PAY AND BENEFITS TO RESERVISTS MUST BE INCREASED.

"THE NET SAVINGS TO SHIFTING THE FORCE STRUCTURE IN EACH OF THE SERVICES FROM FULL-TIME ACTIVE DUTY TO PART-TIME

TRAINED RESERVE WOULD BE ABOUT A 40 PERCENT NET REDUCTION BELOW THE COST OF MAINTAINING THOSE UNITS IN THE ACTIVE FORCE."

IT IS OBVIOUS FROM THE DISCUSSIONS ABOVE THAT SOME AUTHORITIES ARE RECOMMENDING DRASTIC AS WELL AS FUNDAMENTAL CHANGES ENCOMPASSING NOT ONLY THE SIZE OF THE RESERVE, BUT ALSO THE WAY IT IS MANAGED. REGARDLESS OF THEORETICAL DISCUSSION THE PRAGMATIC DECISIONS REQUIRED TO ACCOMMODATE THE NEAR TERM BUDGET CRUNCH MAY LARGELY DETERMINE RESERVE FORCE SIZE AND TOTAL FORCE MIX.

THUS, THE REAL DEBATE MAY CENTER AROUND NOT WHAT MISSIONS THE RESERVES CAN ACCOMMODATE, BUT RATHER WHAT STRUCTURE AND MISSIONS MUST BE TOTALLY DELETED FROM THE NATION'S WARFIGHTING CAPABILITY IF THE RESERVE COMPONENTS CANNOT ASSUME THE TASKING. IN THIS VOLATILE ENVIRONMENT, CAUTION MUST BE EXERCISED AS FORCE MIX DECISIONS ARE MADE.

THE PREVENTION OF A RETURN TO THE "HOLLOW" FORCE OF THE 70'S IS A MATTER OF THE HIGHEST PRIORITY AND MUST BE AVOIDED.

THE NAVAL RESERVE ASSOCIATION IS CONCERNED THAT AN EQUALLY DANGEROUS "HOLLOW" FORCE IS NOT CREATED IN THE RESERVE SEGMENT OF THE TOTAL FORCE. IN OUR VIEW THE EQUIPMENT NEEDS OF THE CURRENT NAVAL RESERVE HARDWARE UNITS MUST BE ADDRESSED ADEQUATELY BEFORE ADDITIONAL MISSION TASKING IS ASSIGNED TO THE NAVAL RESERVE. ALSO THE MATTER OF NAVAL RESERVE PROCUREMENT SHOULD BE ADDRESSED. THE CURRENT METHOD PROVIDES RESERVE HARDWARE BY ASSIGNING ACTIVE DUTY FALLOUT EQUIPMENT TO THE RESERVES AND PROCUREMENT OF NEW EQUIPMENT TO THE RESERVE UNITS LARGELY THROUGH CONGRESSIONAL ADD-ONS. THAT THERE IS NO DEDICATED RESERVE PROCUREMENT ACCOUNT IN THE DOD BUDGET SUBMISSION (NOTE: SEPARATE RESERVE ACCOUNTS EXIST FOR MANPOWER, OPERATIONS AND MAINTENANCE AND MILITARY CONSTRUCTION) IS A SERIOUS FLAW AND CONTRIBUTES TO RESERVE UNITS BEING PARTIALLY EQUIPPED OR, WORSE YET, EQUIPPED WITH HARDWARE THAT IS NOT CAPABLE NOR SUPPORTABLE IN PLANNED COMBAT ENVIRONMENTS.

As increased reliance is placed on the Reserve components, equipment becomes increasingly important as the time to re-equip and re-train after mobilization essentially does not exist.

History has shown this to be true. The last major call-up occurred in the Naval Reserve in 1968. Six Naval Air Reserve squadrons were called to active duty. Nine months later they were released. None were combat deployed, their entire time was spent in transitioning to combat capable equipment and pre-deployment workup.

The following statements from the then Commander Naval Air Reserve Force, RADM W.S. Guest, USN are as relevant today as they were in 1969. They should be heeded. RADM Guest stated in a post-mobilization assessment the following:

> "The most important lesson learned by this call-up is that first-line aircraft and weapons systems are the key to having a fully effective Naval Air Reserve. In any foreseeable contingency, as proven in past call-ups, immediate response is an all important factor. There may not be enough time after recall to produce new aircraft and equipment. Therefore, the Naval Air Reserve must, on a continuing basis, be outfitted with aircraft that are capable of starting fleet operations in a matter of hours or a few days.
>
> "This would correct the current situation wherein our attack and fighter jet squadrons do not now have first-line aircraft which could be used in combat, such as in Vietnam.
>
> "At the time of the January recall, the Navy with its austere inventory of aircraft, wasn't in a very good position

> TO OUTFIT RECALLED RESERVE SQUADRONS WITH FIRST-LINE AIRCRAFT EQUIPPED WITH ADVANCED WEAPONS SYSTEMS. BUT ANY CONTENTION THAT THE NAVY WAS NOT PREPARED TO ABSORB THE SIX SQUADRONS IS ERRONEOUS. IT WOULD BE ILLOGICAL TO SAY THAT OUR NAVY, WITH ITS HEAVY COMMITMENTS WORLD-WIDE, WAS UNABLE TO USE ADDITIONAL SQUADRONS GAINFULLY. BUT THE FACT REMAINS THAT EXTRA ATTACK AND FIGHTER AIRCRAFT JUST DIDN'T EXIST IN THE FLEET. SO OUR RESERVE SQUADRONS HAD TO AWAIT RE-PROGRAMMING OF FLEET INVENTORIES TO PROVIDE THEM WITH THE TYPES OF VA/VF AIRCRAFT CONSIDERED SUITABLE FOR USE IN THE CURRENT COMBAT ENVIRONMENT."

RADM GUEST CONTINUES AS FOLLOWS:

> "THE CRUX OF AN EFFECTIVE RESERVE GETS BACK TO THE FIRST PART OF THIS ARTICLE REGARDING EQUIPMENT. IF WE WANT A RESERVE THAT IS FULLY EFFECTIVE, THEN WE MUST BE WILLING TO PROVIDE IT WITH THE KIND OF EQUIPMENT NEEDED IN THE EVENT OF A RECALL.
>
> "WITH FIRST-LINE EQUIPMENT, OUR NAVAL AIR RESERVE WILL BE ABLE TO RESPOND TO A CALL-UP AS A TRUE FORCE IN BEING - IMMEDIATELY USABLE. WITHOUT PROPER EQUIPMENT, IT CAN ONLY PROVIDE PARTIAL TRAINING WHICH WILL HAVE TO BE COMPLETED BY THE FLEET AFTER RECALL."

THE NAVAL RESERVE ASSOCIATION WILL ADDRESS THE FOLLOWING KEY ISSUES AFFECTING NAVAL RESERVE FORCE COMBAT READINESS AND CAPABILITY:

- o ANTI SUBMARINE WARFARE
  - ° P3 INVENTORY
  - ° P3A/B IMPROVEMENTS IPADS
  - ° LAMPS MKI UPGRADE
- o RESERVE TACTICAL AIRWINGS

- o Naval Reserve Frigates
- o Mine warfare and COOP program
- o Reserve Personnel

Anti Submarine Warfare

The Naval Reserve Force structure is heavily oriented toward anti-submarine warfare. The 13 Reserve VP squadrons, 3 HSL squadrons and the 26 Frigates comprise the greatest percentage of Reserve Force assets. Unfortunately, the age of the equipment assigned requires that they be upgraded to meet the current threat. The Naval Reserve Association has proposed over the past six years a series of equipment upgrades to this old equipment. Some of our proposals have been incorporated already and others are currently in the final stage of development.

Although the Soviet submarine threat is formidable and continues to grow in capability it is not widely understood and at times does not receive the attention it deserves. Navy leaders over the last several years have identified the Soviet submarine as the "number one threat" or a "potential war stopper". Almost every posture statement of the past several years reiterates the same theme. Secretary of the Navy John H. Lehman in his FY87 posture statement stated:

> "Every American should be aware, for example, that Soviet nuclear submarines operate continuously off our coasts. 'Victor'-class nuclear attack submarines are routinely found lurking near many of our principal naval ports. Soviet surface units are now making regular deployments to the contentious and vulnerable choke-points of the Caribbean Sea and Gulf of Mexico. Worldwide, we find the Soviet Navy astride the vital sea-lanes and navigational chokepoints, through which most of the Western world's international trade must pass. This is the new reality. The pattern of Soviet naval deployments has revealed itself only over the last

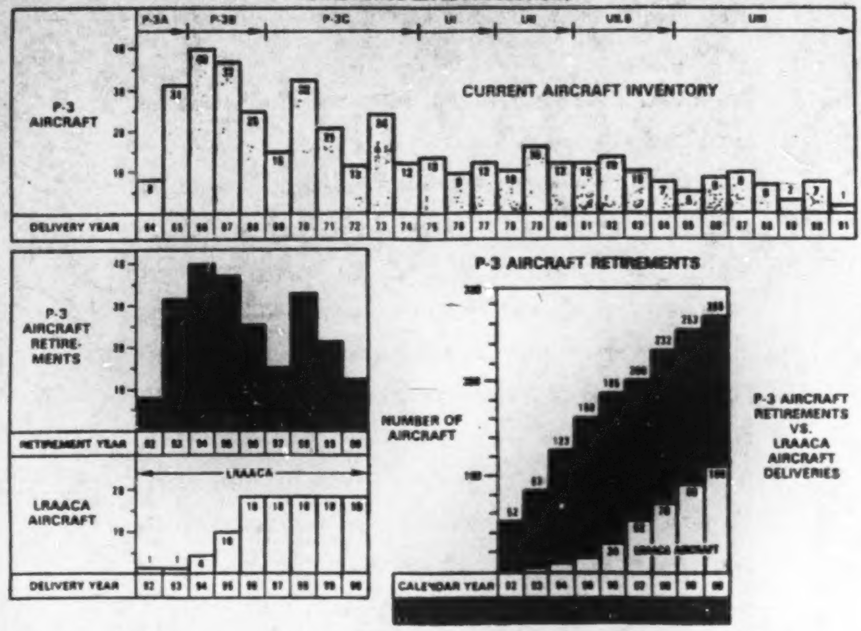
> SEVERAL YEARS. THESE DEPLOYMENTS CONSTITUTE A POST-WORLD WAR II CHANGE IN THE GLOBAL MILITARY BALANCE OF POWER THAT HAS BEEN SURPASSED ONLY BY THE ADVENT OF THERMONUCLEAR WEAPONS. NO PLANNER, CIVILIAN OR MILITARY, CAN IGNORE THE GROWING DIMENSIONS OF SOVIET MARITIME POWER."

ADMIRAL C.A.H. TROST REITERATED THE SAME CONCERNS IN HIS FY90 POSTURE STATEMENT QUOTED EARLIER.

RESERVE MARITIME PATROL (VP) SQUADRONS

THE THIRTEEN RESERVE VP SQUADRONS ARE THE MAINSTAY OF THE RESERVE FORCE AND COMPRISE 35% OF THE TOTAL NAVY VP FORCE. SINCE 1984 THE NAVAL RESERVE ASSOCIATION HAS EXPRESSED GROWING CONCERN ABOUT THE BLOCK OBSOLESENCE AND INVENTORY SHORTFALL OF THE P3 AIRCRAFT ASSIGNED TO THE RESERVE PROGRAM. THE NAVAL RESERVE ASSOCIATION HAS URGED EARLY ACTION TO AVOID A CRISIS MANAGEMENT ENVIRONMENT IN THIS MOST IMPORTANT AREA. SADLY, SUCCESSIVE "PLANS" TO ALLEVIATE THE INVENTORY PROBLEM HAVE FAILED TO MATERIALIZE. NEW P3C PRODUCTION WAS TERMINATED, THE "P3D" PLAN, PROPOSED IN 1985 AND SCHEDULED TO PRODUCE 25 AIRCRAFT PER YEAR IN 1989, WAS TERMINATED. THE COMPETITIVELY BID P3C CALLED THE P3G PROCUREMENT PLAN DID NOT MATERIALIZE. IT EVENTUALLY EVOLVED INTO THE CURRENT LRAACA PROCUREMENT PROGRAM. THIS PROGRAM IS CURRENTLY IN EARLY DEVELOPMENT WITH INITIAL DELIVERY IN 1992 BARING TECHNOLOGICAL OR FUNDING DELAYS. UNFORTUNATELY, THERE HAS BEEN SO MUCH SLIPPAGE IN LRAACA PROCUREMENT, EVEN IF IT STAYS ON SCHEDULE, SEVERE INVENTORY SHORTAGES WILL OCCUR IN THE RESERVE INVENTORY. THE CHART BELOW GRAPHICALLY DISPLAYS THE P3 INVENTORY PROBLEM.

MARITIME PATROL AIRCRAFT
TOTAL FORCE LEVEL PROJECTIONS



THE CHART IS BASED ON A 28 YEAR DESIGN SERVICE LIFE OF THE P3. THERE IS A BELIEF IN SOME CIRCLES THAT THEY CAN BE OPERATED 30 YEARS WITHOUT SLEP. IN ANY EVENT, THE 30 YEAR SERVICE LIFE DOES NOT SIGNIFICANTLY ALTER THE BASIC PROBLEM. IN YEAR 2000 THE SHORTFALL IS 125 AIRCRAFT VICE 159 (IF A 30 YEAR LIFE IS UTILIZED), AND THE AGGREGATE SHORTFALL STILL REMAINS GREATER THAN THE TOTAL NAVAL RESERVE INVENTORY OF P3'S.

IN ORDER TO MAINTAIN THE VP TOTAL FORCE STRUCTURE OF 37 OPERATING SQUADRONS, FLEET REPLACEMENT SQUADRONS, RDT&E AND ATTRITION AIRCRAFT, 460 AIRCRAFT ARE REQUIRED. BASED ON AN AIRCRAFT SERVICE LIFE OF 30 YEARS, AN ANNUAL STEADY RATE DELIVERY OF 15 NEW AIRCRAFT IS NECESSARY TO MAINTAIN THE REQUIRED INVENTORY. A QUICK REVIEW OF THE CHART REVEALS THAT ONLY ONCE SINCE 1972 HAS THE FLEET RECEIVED GREATER THAN THE 15 AIRCRAFT TO SUSTAIN THE TOTAL INVENTORY.

FURTHER REVIEW OF THE CHART ABOVE REVEALS THE FOLLOWING FACTS WHICH GRAVELY AFFECT THE RESERVE VP FORCE.

- P3C BUDGET FOR CONTINUED PRODUCTION WAS TERMINATED IN 1987. CONSEQUENTLY, THE LAST NEW P3C ARRIVES IN THE FLEET IN CY 1991.
- NEW LRAACA'S DON'T REACH THE FLEET OPERATING SQUADRONS UNTIL 1996, A BREAK OF 5 YEARS.
- NEW LRAACA'S MAY NOT FREE UP FLEET ASSETS TO FLOW TO THE RESERVE ON A ONE FOR ONE BASIS AS THE FLEET HAS ALREADY HAD TO USE PIPE/ATTRITION P3C'S TO MEET OPERATIONAL SHORTAGES. THUS, SOME CURRENT OPERATING P3C'S MUST BE DIVERTED TO MEET FLEET PIPELINE AIRCRAFT REQUIREMENTS WHEN LRAACA IS INTRODUCED. THE FLEET IS CURRENTLY SHORT 44 P3C PIPELINE AIRCRAFT.
- ALL P3A/BS, INCLUDING ACTIVE FORCE P3B'S AT BARBERS POINT, (A TOTAL OF 126) WILL HAVE REACHED THE END OF THEIR SERVICE LIFE BY 1997, IE, BEFORE LRAACA COMES ON LINE IN ANY SIGNIFICANT NUMBERS!
- BY THE YEAR 2000, EIGHTY (80) OF THE EARLY P3C'S HAVE ALSO REACHED THE END OF THEIR SERVICE LIFE.

THE ARITHMETIC IS TRAGICALLY SIMPLE. IN AGGREGATE, A TOTAL LOSS OF 206 OPERATING FLEET AND RESERVE SQUADRON AIRCRAFT ARE REPLACED BY A TOTAL BUY OF 125 LRAACA!

WHEN THE ADDITIONAL REQUIREMENT OF FLEET TRAINING SQUADRONS, ATTRITION PIPE AIRCRAFT AND RDT&E ARE INCLUDED, THE TOTAL FORCE SHORTFALL REACHES 159 AIRCRAFT BY THE YEAR 2000.

LRAACA

CLEARLY, THE LONG RANGE SOLUTION TO THE VP AIRCRAFT INVENTORY SHORTAGE IS THE DEVELOPMENT AND PRODUCTION OF LRAACA. AS THE SOVIET SUBMARINE FORCE IMPROVED IN SOPHISTICATION IT ALSO IMPROVED IN RANGE, ENDURANCE, QUIETING AND WEAPONS, PARTICULARLY MISSILES, IE, BOTH BALLISTIC AND SEA LAUNCHED CRUISE MISSILES. THESE SOVIET SUBMARINE IMPROVEMENTS HAVE IN TURN PRESSED TO THE

LIMITS THE ABILITY OF THE P3C AIRFRAME TO ACCOMMODATE THE UPGRADES NECESSARY TO MEET THE NEW GENERATION THREAT. ADDITIONAL RANGE, MISSION PAYLOAD, AS WELL AS MORE INTERIOR SPACE TO ACCOMMODATE ADDITIONAL AVIONICS, DICTATES THAT A NEW, LARGER, LONGER RANGE AND INCREASED PAYLOAD AIRFRAME IS THE ULTIMATE ANSWER. TO PUT IT SIMPLY, THE P3 AIRFRAME HAS FINALLY EXHAUSTED ITS GROWTH CAPABILITY. ADDITIONALLY, MUCH OF THE P3 EQUIPMENT, COCKPIT DISPLAY AND INSTRUMENTATION, COMMUNICATION AND NAVIGATION GEAR, IS 1950'S TECHNOLOGY WHICH IS BECOMING INCREASINGLY DIFFICULT TO MAINTAIN AND SUSTAIN AS THE INDUSTRIAL BASE MOVES FORWARD INTO NEW INDUSTRY AND AIRLINE GLASS COCKPIT STANDARDS. IT IS ESSENTIAL THAT FOLLOW-ON P3C PROCUREMENT SHOULD BE BASED ON ACQUISITION OF A MODERN IN-PRODUCTION AIRFRAME MATED WITH THE LATEST ASW AVIONICS SUITE, IE, UDIV.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT THE LRAACA DEVELOPMENT PROGRAM BE FUNDED IN FY90/91 AND FULLY FUNDED IN OUTYEAR PROCUREMENT.

IMPROVED PROCESSING AND DISPLAY SYSTEM (IPADS) FOR P3A/B AIRCRAFT

REGARDLESS OF THE SUCCESS OF THE LRAACA PROGRAM, IF THE CURRENT 37 SQUADRON FORCE LEVEL IS TO BE MAINTAINED CONTINUED USE OF THE EXISTING INVENTORY OF P3B AIRCRAFT WILL BE REQUIRED. IN ORDER FOR THESE AIRCRAFT TO BE ABLE TO FUNCTION AGAINST THE NEAR TERM SOVIET THREAT THE CURRENT SUITE OF ACOUSTIC PROCESSORS AND DISPLAYS MUST BE IMPROVED. THE IPADS SYSTEM WHICH HAS BEEN UNDER DEVELOPMENT FOR SEVERAL YEARS IS UNDERGOING OPERATIONAL EVALUATION AND TESTING THIS SUMMER. THIS SYSTEM WAS DESIGNED TO GIVE THE P3A/B THE EQUIVALENT ACOUSTIC PROCESSING CAPABILITIES OF THE UDIII SYSTEM CURRENTLY IN THE FLEET. THE NUMBER OF PROCESSED CHANNELS IS DOUBLED FROM 16 TO 32 (DOUBLE THE CURRENT UDIII CAPABILITY) AND FOR THE FIRST TIME THERE IS PROVIDED 16 CHANNELS WITH BROADBAND AND DIFAR TRIPLE VERNIERS. FUNDING FOR THIS CRITICAL PROGRAM IS ESSENTIAL IF RESERVE FORCE ASW CAPABILITY IS TO BE MAINTAINED.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY RECOMMENDS THAT FUNDING OF $65 million in FY90 and $70 million in FY91 be provided in the Guard and Reserve Procurement account to install the IPADS system on Reserve Force P3A/B aircraft.

SH2 LAMPS MKI Upgrade

Although modernization of the Naval Reserve SH2 LAMPS MKI helicopter has been an ongoing effort since 1986, it has essentially been sustained by continued strong congressional support over the years. Once again, this year's DOD budget contains no funding for this critical upgrade. The NRA believes that these upgrades, which include installation of T-700 engines, on board acoustic processing, 99 channel sonobuoy receiver improved data base, tactical mission computer and aircraft to ship data link, are essential to continued effective submarine operations and that this program should be funded again this year in the Guard and Reserve procurement account.

A review of the current upgrade program follows:

The SH-2G Reserve Block Upgrade Program was funded by Congress in FY88/89 at $55 million and $45 million, respectively (while six retrofit kits were envisioned in each year, it is likely that FY88 funds will be spent on no more than 2 retrofit kits while the significant portions of the remaining funds will be delegated to training and logistic support requirements. FY89 funds are expected to procure six block upgrade kits for the Reserves).

Recommendation

The Naval Reserve Association strongly supports the addition of $45 Million in FY90 and $45 Million in FY91 to provide funding for this critical ongoing modernization program.

Reserve Tactical Airwings

The two Naval Air Reserve Tactical Airwings A6/KA6 modernization has been slowed and may, in fact, be terminated because of a critical inventory of

AIRCRAFT. THE FY90/91 BUDGET CONTAINS NO FUNDING FOR CONTINUED A6 PRODUCTION. THIS EARLY TERMINATION OF A6 PROCUREMENT, COMBINED WITH THE ADDITIONAL OPERATIONAL INVENTORY SHORTAGES CAUSED BY THE REQUIREMENT TO REWING EXISTING A6 AIRCRAFT, HAS NECESSITATED THE DELAY OF THE A6 TRANSITION INTO THE NAVAL RESERVE AIR WINGS. EVEN IF THE ATA PROCUREMENT PLAN REMAINS ON SCHEDULE A SIGNIFICANT SHORTAGE OF A6 ASSETS WILL REMAIN.

THE NAVAL AIR RESERVE REQUIRES ONE A6 SQUADRON CONSISTING OF 10 A6E AND 4 KA6D IN EACH OF ITS AIRWINGS. CURRENTLY, THE FIRST SQUADRON HAS COMMENCED TRANSITION AND HAS 4 A6E'S AND 3 KA6D ON BOARD. THE SECOND SQUADRON WAS SCHEDULED TO BEGIN TRANSITION IN LATE 1990.

AS OF NOW, ALL A6 TRANSFERS TO THE RESERVES HAVE BEEN STOPPED AND THE SECOND SQUADRON'S TRANSITION HAS BEEN DELAYED AT LEAST ONE YEAR.

IN THE PAST, CONGRESS HAS SUPPORTED RESERVE A6E TRANSITION BY ADDING FUNDS TO BOTH FY86/87 BUDGETS TO PROVIDE 5 AIRCRAFT EACH YEAR FOR THE NAVAL RESERVE. CURRENTLY THE RESERVE AIRWING REQUIRES 16 A6E OPERATING AIRCRAFT TO COMPLETE THIS MOST IMPORTANT TRANSITION.

RECOMMENDATION

THE NAVAL RESERVE STRONGLY RECOMMENDS THE ADDITION OF $359 MILLION IN FY90 AND A LIKE AMOUNT IN FY91 TO PROCURE 8 AIRCRAFT EACH YEAR TO COMPLETE THE MOST CRITICAL NAVAL AIR RESERVE TRANSITIONS.

NAVAL RESERVE FRIGATES

THE NAVAL RESERVE ASSOCIATION BELIEVES THE CURRENT INVENTORY OF RESERVE FORCE FRIGATES MUST HAVE THEIR SERVICE LIFE EXTENDED IF THE TOTAL FORCE REQUIREMENTS ARE TO BE MET. FOR THE PAST FIVE YEARS THE NAVAL RESERVE ASSOCIATION HAS RECOMMENDED PROCUREMENT ACTIONS TO IMPROVE THE ANTI-SUBMARINE WARFARE CAPABILITY OF THESE FRIGATES. AS A RESULT OF THESE ACTIONS, AND CONTINUED STRONG CONGRESSIONAL SUPPORT, ALL OF THE 1052 CLASS AND TWELVE OF THE FFG-7 HAVE BEEN OR WILL BE EQUIPPED WITH NEW TOWED ARRAYS (AN/SQR-18) AND ON

BOARD SIGNAL PROCESSORS (AN/SQR-17A). FURTHER, THE INSTALLATION OF THE FF INTEGRATED SHIPBOARD TACTICAL SYSTEM (FFISTS) IN THE RESERVE FORCE 1052s SIGNIFICANTLY INCREASES THE EFFICACY OF THE NEW ASW SENSOR AND SIGNAL PROCESSOR UPGRADES. THE NAVAL RESERVE ASSOCIATION BELIEVES THAT THE FFISTS PROGRAM SHOULD ALSO BE INSTALLED IN THE NAVAL RESERVE FORCE FFG-7 SHIPS AS WELL.

THESE SHIPBOARD IMPROVEMENTS, WHEN COMBINED WITH THE ONGOING SH2 LAMPS MKI UPGRADE, ENABLE THESE RESERVE FORCE SHIPS TO BE HIGHLY EFFECTIVE ASW COMBATANTS.

THERE ARE ADDITIONAL IMPROVEMENTS THAT ARE CURRENTLY AVAILABLE THAT WOULD, AT A NOMINAL COST, GREATLY ENHANCE THE NAVAL RESERVE FORCE FRIGATE CAPABILITY.

THE PRIME ASSIGNED MISSION OF THE RESERVE FORCE FRIGATES IS TO CONDUCT CONVOY ESCORT ASW MISSIONS. THE NATURE OF THIS TASKING REQUIRES ASW FLIGHT OPERATIONS TO BE CONDUCTED IN WATERS OF THE NORTH ATLANTIC. THE ABILITY TO CONDUCT CONTINUOUS AIR OPERATIONS IN THIS ENVIRONMENT IS CRITICAL TO SUCCESSFUL MISSION ATTAINMENT. TODAY, BECAUSE THE 1052 AND RESERVE FORCE FFG-7 DO NOT HAVE A HELICOPTER ARRESTMENT CAPABILITY FLIGHT OPERATIONS ABOVE SEA STATE TWO, ARE RESTRICTED AND, IF NECESSARY, IN WARTIME WOULD BE A HIGH RISK VENTURE.

THE NATO NAVIES WHO NORMALLY OPERATE HELICOPTERS IN THIS HARSH ENVIRONMENT HAVE DESIGNED, AND HAVE INSTALLED ON OVER 200 OF THEIR FRIGATES, A DECK GRID ARRESTMENT SYSTEM. THIS DECK GRID, COMBINED WITH A HELICOPTER PROBE, ENABLES THEM TO OPERATE SAFELY IN SEA STATE 4. THE US COAST GUARD, WHICH ALSO MUST OPERATE IN HIGH SEA STATES, HAS ALREADY PURCHASED THIS SYSTEM FOR ITS CUTTERS AND MEDIUM RANGE RESCUE HELICOPTERS. CALLED "TALON", THE SYSTEM COSTS ABOUT $200K PER SHIP AND $90K PER AIRCRAFT.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT THE PURCHASE AND INSTALLATION OF THIS SYSTEM FOR THE NAVAL RESERVE FORCE FRIGATES AND LAMPS MKI HELICOPTERS BE ACCOMPLISHED AS SOON AS POSSIBLE. THE COST IS NOT EXORBITANT. UTILIZING CURRENT COAST GUARD FIGURES THE TOTAL COST FOR ALL RESERVE FRIGATES AND LAMPS

MKI helicopters would be approximately $9 million, a cost more than repaid if just one helicopter is saved.

MCM/MHC/COOP/SUPERCOOP

It is apparent that not enough progress has been made since last year's iteration of the Mine Warfare programs. The Navy has continued to invest in costly, high technology, sophisticated, high mix, Mine Countermeasure ships. The large MCM class and MHC class ships operating large mine hunting sonars and remote neutralization vehicles are required to seek out and destroy sophisticated mines at great depths. However, they are not nearly as cost effective in shallow water mine warfare as less capable and less costly ships.

The events in the Persian Gulf illustrated graphically how a third rate Navy using untrained seamen could effectively embarrass and tie up the best Navy in the world today. This lesson has not gone unnoticed by the Soviets, a potential adversary with an estimated inventory of 300,000 mines of all types and a merchant fleet to distribute them. Fleet Admiral Chernavin, CINC of the Soviet Navy stated in the NAVAL INSTITUTE PROCEEDINGS, "...the very high effectiveness of mining was confirmed. The placing of a relatively small number of mines - outdated World War II models - substantially hampered commercial shipping, and also tied down significant naval forces. It is logical to assume that massive use of modern models of mines would cause great damage to sea lanes..."

Unspoken was the fact that these mines could also bottle up Navy combatants, support ships and commercial traffic needed to support a wartime effort until the few Mine Countermeasure vessels available now and in the near future could clear the channels and keep them open.

The Naval Reserve Association supports the Navy's mine warfare program as far as it goes. The MCM design apparently has jelled and the MHC is moving ahead albeit with many unanswered questions raised in the media and Congress concerning its escalating cost and size. With the planned program completion of

THE MCM AND THE MHC THE NAVY SHOULD BE ABLE TO PROVIDE REASONABLE DEEP WATER PROTECTION, BUT THE AREA FROM THE PIER TO THE SEA BUOY FOR MOST OF CONUS, ALASKA AND HAWAII REMAINS A WEAK LINK.

THE NAVAL RESERVE FORCE SHOULD CONSTITUTE A KEY ELEMENT OF THE NAVY'S MINE WARFARE PROGRAM. IT WOULD SEEM THAT WITH THE VOICES OF HIGH OFFICIALS WITHIN THE ADMINISTRATION, INCLUDING THE NATIONAL SECURITY ADVISOR, AND KEY MEMBERS OF CONGRESS RECOMMENDING MORE MISSIONS FOR THE RESERVES, THE CONCEPT OF SMALL BUT CAPABLE MINE COUNTERMEASURES VESSELS PLACED STRATEGICALLY IN KEY U.S. PORTS, MANNED BY LOCALLY KNOWLEDGEABLE NAVAL RESERVISTS, WOULD MAKE GOOD SENSE. INCLUDED IN THIS CONCEPT SHOULD BE AN AGREEMENT BETWEEN THE ADMINISTRATION AND CONGRESS THAT IF MINE WARFARE SHIPS ARE NEEDED, AS THEY WERE IN THE PERSIAN GULF SITUATION, THE RESERVE CREWS WOULD BE MOBILIZED AND DEPLOYED WITH THEIR HARDWARE USING EXISTING AUTHORITY.

THE NAVAL RESERVE ASSOCIATION BELIEVES STRONGLY THAT THE NAVY SHIP ACQUISITION PROGRAM IS NOT RESPONSIVE TO THE FULL SPECTRUM OF THE MINE THREAT, AND SHOULD INCLUDE, AS A MATTER OF URGENCY, A LOW COST MINE COUNTERMEASURES SHIP, EQUIPPED WITH A HULL MOUNTED MINEHUNTING SONAR AND SMALL MINE NEUTRALIZATION VEHICLE, ALONG WITH CONVENTIONAL SWEEP SYSTEMS FOR MOORED AND BOTTOM INFLUENCE MINES. ALL OF THESE SYSTEMS ARE AVAILABLE IN TODAY'S MARKET AT RELATIVELY LOW COST. IT IS ENVISIONED THAT SUCH A SHIP CAN BE PRODUCED FOR $15 MILLION OR LESS, AND WOULD ALSO BE MADE AVAILABLE TO OUR FRIENDS THROUGH THE MILITARY ASSISTANCE PROGRAM OR BY DIRECT EXPORT. THE COOPS CONCEPT AS PRESENTLY CONFIGURED WAS A GOOD IDEA FOR PROVIDING CHANNEL CONDITIONING DURING PEACETIME IN LIMITED AREAS WHERE THEY ARE LOCATED, BUT COOP VESSELS ARE NOT CAPABLE OF CHANNEL SWEEPING UNDER WARTIME CONDITIONS. THE STANDARD COOP IS NOT EQUIPPED TO LOCATE AND DESTROY ACTUAL MINES.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY RECOMMENDS AN EXPEDITIOUS AND

OBJECTIVE TESTING OF THE SUPER COOP CONCEPT WHICH THE CONGRESS HAS BEEN RECOMMENDING THE NAVY ACCOMPLISH FOR THE LAST SEVERAL YEARS AND FURTHER THAT IF THESE TESTS CONFIRM THE CAPABILITY OF THE SUPER COOP FOR MINE COUNTERMEASURE OPERATIONS IN THE SHALLOW WATER COASTLINE AREAS OF THE UNITES STATES, THAT EXPEDITIOUS PROCUREMENT OF THIS PROMISING SYSTEM BE ACCOMPLISHED IN SUFFICIENT NUMBERS TO MEET THE THREAT.

RESERVE MANPOWER

THE NAVAL RESERVE ASSOCIATION FULLY SUPPORTS THE DOD BUDGET SUBMISSION RELATIVE TO NAVAL RESERVE MANPOWER AND RESERVE STRENGTH.

THE CRITICAL BUDGET CONSTRAINTS IN THE YEARS AHEAD WILL PLACE INCREASING IMPORTANCE ON RESERVE STRUCTURE AND MANNING. IN THIS ENVIRONMENT STABILITY IN NAVAL RESERVE MANNING WILL BE CRITICAL. THEREFORE, THE RETENTION OF CURRENTLY ON BOARD TRAINED AND COMBAT READY INDIVIDUALS IS VITALLY IMPORTANT.

UNFORTUNATELY, AT THIS TIME THERE EXISTS A NUMBER OF UNSETTLING PROPOSALS WHICH ARE COUNTER PRODUCTIVE TO BOTH RECRUITING AND RETENTION.

THE NAVAL RESERVE ASSOCIATION IS STRONGLY OPPOSED TO ANY CHANGES TO THE CURRENT RETIREMENT SYSTEM FOR EITHER ACTIVE DUTY OR SELECTED RESERVE PERSONNEL. FURTHER, THE MILITARY RETIREMENT SYSTEM SHOULD NOT BE SINGLED OUT AS A TARGET WHEN OTHER VETERAN AND SOCIAL SECURITY RETIREMENT SYSTEMS ARE LEFT UNTOUCHED.

PARTICULARLY DISTRESSING IS THE OPTION CONTAINED IN THE CONGRESSIONAL BUDGET OFFICE REPORT ENTITLED, "REDUCING THE DEFICIT: SPENDING AND REVENUE OPTIONS", WHICH CONTAINS THE OPTION OF TERMINATING ALL RESERVE RETIREMENT BENEFITS AFTER THE END OF FISCAL YEAR 89.

THE CBO RECOMMENDATION READS AS FOLLOWS:

> "IN 1986, AFTER DECADES OF DISCUSSION, THE CONGRESS MODIFIED THE RETIREMENT SYSTEM FOR ACTIVE-DUTY MILITARY

PERSONNEL. ACTIVE-DUTY PERSONNEL WHO COMPLETE 20 OR MORE YEARS OF SERVICE ARE ELIGIBLE TO TRANSFER TO THE RETIREMENT ROLLS; THEY REMAIN LEGALLY SUBJECT TO RECALL DURING NATIONAL EMERGENCY AND RECEIVE RETIREMENT BENEFITS, CALLED RETIRED PAY, BASED ON LENGTH OF SERVICE AND AVERAGE HIGHEST THREE YEARS' PAY. THESE BENEFITS WERE RESTRUCTURED TO ENCOURAGE LONGER MILITARY CAREERS, TO PROVIDE ADEQUATE RETIRED PAY DURING OLD AGE, AND TO GENERATE SAVINGS FOR THE TAXPAYER. CHANGES IN THE RETIREMENT SYSTEM FOR PART-TIME RESERVE PERSONNEL WERE DEFERRED, HOWEVER, PENDING THE REPORT OF THE SIXTH QUADRENNIAL REVIEW OF MILITARY COMPENSATION. THIS REPORT IS CURRENTLY AWAITING RELEASE BY THE DEPARTMENT OF DEFENSE.

"UNLIKE RETIRED PAY FOR ACTIVE-DUTY PERSONNEL, WHICH WAS FIRST PROVIDED FOR VETERANS OF THE CIVIL WAR ERA, RESERVE RETIREMENT IS A RELATIVELY NEW PROGRAM DATING ONLY FROM 1948. RESERVISTS ARE ENTITLED TO RECEIVE RETIRED PAY AFTER 20 YEARS OF CREDITABLE SERVICE, OF WHICH AT LEAST THE LAST EIGHT MUST BE SERVED IN A RESERVE COMPONENT. UNLIKE ACTIVE-DUTY PERSONNEL WHO CAN RECEIVE RETIRED PAY IMMEDIATELY UPON RETIREMENT, RESERVISTS MUST WAIT UNTIL AGE 60. RESERVISTS' RETIRED PAY IS CALCULATED IN A MANNER SIMILAR TO THAT FOR ACTIVE-DUTY RETIREES, ON THE BASIS OF LENGTH OF SERVICE AND AVERAGE HIGHEST THREE YEARS' PAY.

"THE UNITED STATES IS THE ONLY COUNTRY THAT OFFERS RETIREMENT BENEFITS TO RESERVISTS.

"TO REDUCE THESE COSTS THIS OPTION WOULD TERMINATE THE RESERVE RETIREMENT PROGRAM FOR THOSE ENTERING THE RESERVE COMPONENTS AFTER THE END OF FISCAL YEAR 1989. OUT OF CONSIDERATIONS OF EQUITY, CBO'S ESTIMATES OF THE SAVINGS FROM TERMINATION ASSUME FULL GRANDFATHERING OF ALL CURRENT

RESERVISTS UNDER THE PRESENT RETIREMENT SYSTEM. NO NEW RESERVISTS, HOWEVER, INCLUDING THOSE WHO ENTER THE RESERVES FROM ACTIVE DUTY, WOULD BE ELIGIBLE TO ACCUMULATE BENEFITS. UNDER THIS APPROACH, SAVINGS IN ACCRUAL CHARGES FOR RESERVE RETIREMENT WOULD GROW STEADILY, AS SHOWN IN THE ABOVE TABLE. SAVINGS IN TOTAL FEDERAL OUTLAYS, HOWEVER, WOULD NOT BE REALIZED FOR MANY YEARS."

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY OPPOSES THIS OPTION OF THE CONGRESSIONAL BUDGET OFFICE. FURTHER, IMPLEMENTATION OF THIS PROPOSAL WILL, IN OUR VIEW, DEGRADE THE ATTRACTIVENESS OF AFFILIATING WITH THE NAVAL RESERVE TO THE EXTENT THAT FORCE READINESS AND CAPABILITY WILL BE SEVERELY DAMAGED. THE NAVAL RESERVE ASSOCIATION BELIEVES ANY CHANGES TO THE RESERVE RETIREMENT SYSTEM SHOULD RESULT FROM THE ESTABLISHED QUADRENNIAL REVIEW BOARD PROCESS AND NOT BE MANDATED UNILATERALLY IN A BUDGET CUTTING EXERCISE. THE POTENTIAL IMPACT OF SUCH DRASTIC MEASURES ON THE VIABILITY OF THE TOTAL FORCE ARE TOO GREAT.

FURTHER, "GRANDFATHERING" STATEMENTS HAVE ABSOLUTELY NO CREDIBILITY. ONE ONLY HAS TO LOOK TO THE RECENT HISTORY OF THE 1986 MILITARY RETIREMENT REFORM ACT WHEREIN ALL CURRENT ACTIVE DUTY AND RETIRED WERE "GRANDFATHERED" RELATIVE TO COLA PROTECTION. THAT "GRANDFATHER" GUARANTEE DID NOT LAST 36 MONTHS FROM ENACTMENT BEFORE THIS YEAR'S COLA-1 WITH A "GRANDFATHERED" ONE TIME AGE 62 CATCH UP PROPOSAL WAS MADE IN THE FY 90/91 BUDGET PROPOSAL.

Senator **Inouye**. Our next witness is the president of the National Association of Arab Americans, Mr. George Moses.

[No response.]

Senator **Inouye**. If not, may I call upon the legislative liaison officer of the National Association of Federal Employees, Ms. Marie Winslow.

[No response.]

Senator **Inouye**. Finally, city council members of the city of Sierra Vista, AZ, Mr. Jeff Hass and Ms. Sandi Morris.

[No response.]

Senator **Inouye**. We will have a recess of 5 minutes. We are ahead of schedule and maybe these witnesses are on their way.

Senator **Inouye**. For the record, we will stand in recess, subject to the call of the Chair.

[Whereupon, at 10:03 a.m., the subcommittee was recessed, to reconvene at 10:06 a.m.]

Senator **Inouye**. The Senator from Arizona.

Base Closures

STATEMENT OF HON. DENNIS DE CONCINI, U.S. SENATOR FROM ARIZONA

Senator **DeConcini**. Mr. Chairman, thank you very much, and once again my heartfelt appreciation from those of us from Arizona, and particularly southern Arizona, for having these hearings on base closures.

The people of Arizona are very cognizant of the cost of military operations and national security. They want what is best for the country, but they also want to be fair.

Sandi Morris, who is here today from the city of Sierra Vista, is a city councilperson and is very familiar with not only the economics of what a base like Fort Huachuca means to all of southern Arizona, but she also is very well aware of the national needs and the security of this country.

Mr. Chairman, I am not here to oppose the base closure legislation. The reason I am here is to appeal to the Congress of the United States that, though the base closure legislation has many positive and promising money-saving devices, we in Congress have an obligation not to implement something that, in fact, is going to cost money and not be effective.

Part of that process, Mr. Chairman, is what you are willing to sit through today and listen to the rationale of the other side and the statistical figures that point out that some of those judgments reached in the Base Closure Commission report do not make economic sense, are not feasible, and it raises the question then whether they indeed are not in the best interest of national security.

So with that, Mr. Chairman, I would like to introduce Sandi Morris, the council member from Sierra Vista.

Senator **Inouye**. Ms. Morris, welcome.

GUIDELINES AND CRITERIA FOR BASE CLOSURES

STATEMENT OF SANDI MORRIS, COUNCIL MEMBER, SIERRA VISTA, AZ

Ms. MORRIS. Thank you. I would like to ask, Mr. Chairman, that my testimony as written be submitted in its entirety for your consideration.

Senator INOUYE. You may be assured that your full statement will be made part of the record. You may be further assured that I will read it.

Ms. MORRIS. Thank you very much.

I would like to make a few points. I did review very carefully the Base Closure and Realignment Act submitted by the Commission and then began to read their backup data. I then further reviewed the criteria and the guidelines that Congress established when the Commission began its work. There were a number of guidelines that were given to the Commission by Congress.

And included in those guidelines were nine criteria that the Commission did need to look at in making their decisions. I reviewed these nine criteria against the relocation of the Information Systems Command, or ISC, out of Fort Huachuca, AZ, and into Fort Devens, MA. The criteria, when applied against that one relocation, does not make sense to me, and so I would like to just go over the criteria and ask for reconsideration for the things I found that I do not understand.

CRITERIA REVIEWED

The first criteria was that the Commission look at the impact on current and future mission requirements and readiness. It has already been determined by ISC that 50 to 75 percent of their civilian work force, primarily their engineers and their computer specialists, would not move from Fort Huachuca to Fort Devens.

Many of them have years and years of seniority with ISC and made the move already once when ISC was relocated to Fort Huachuca. Many of them are 2 to 3 years from retirement and have just simply said they will retire early; they will look for another position closer to their homes.

Their failure to move with the Command will greatly affect the mission effectiveness of ISC. It will further force ISC to begin immediate and heavy recruiting in the Fort Devens work area, and those engineers and scientists are commanding a 65-percent higher salary than the ones currently being paid at Fort Huachuca.

The second criteria was to consider the availability and condition of land and facilities at both locations. The Commission's background data that I read through does show that Fort Devens is landlocked and it is built to capacity. There is no land for expansion.

Fort Huachuca is very different from that. There is a lot of available land to build if new commands were to come in or to support any growth of the existing commands.

The third criteria was the potential to accommodate contingency mobilization and future force requirements. That again goes back to the availability of land that we have at Fort Huachuca, the availability for expansion, and that is not present at Fort Devens.

The fourth consideration by the Commission was to be one of cost and manpower implications. The Commission's background data as supplied shows that the one-time cost of moving ISC across the country would be right around $218 million.

As ISC has reviewed this move and put together contingency plans, those costs are going up rapidly every day and are now coming in at the $500 to $800 million range. So it is significant. The numbers are tripling in terms of dollars as to what that move is going to cost.

Again, those kind of dollars seem to make the move not economically feasible.

Another criteria was the extent and timing of potential cost-savings and to look at a 6-year payback. Again, the Army's numbers say that there will never be a payback in the move of ISC to Fort Devens, that, in fact, there will be annual recurring costs of $18 million per year. Those costs, as well as the one-time costs, are escalating and ISC has projected continuing recurring costs of $31 million—again, an economic consideration that we just find difficult to understand when we compare it to the criteria that the Commission was to be looking at.

Another factor that was to be considered was the economic impact on both communities, both Sierra Vista adjacent to Fort Huachuca and Ayers that is adjacent to Fort Devens. There was an economic impact analysis done at Ayers by the Commission, assuming that Fort Devens was to be closed. With the closure of the base, the economic impact was determined to be minimal. There was not an economic impact study done at all on Sierra Vista or Fort Huachuca.

The seventh of the nine criteria was the community support at both locations. Members of the Commission traveled to Ayers on December 8 and looked at the community support present near Fort Devens. Commission members did not travel to Fort Huachuca or Sierra Vista and afford our community that same opportunity.

Fort Huachuca and Sierra Vista are one of the two finalists for a base award of community and military coordination and cooperation, and that is not just Army, that is all bases. Fort Huachuca-Sierra Vista was one of the two finalists in that. So the community support is not only recognized by Sierra Vista, but has now been recognized throughout the country.

ENVIRONMENTAL IMPACT STUDY

An environmental impact study was also done on Fort Devens, assuming that Fort Devens was to be closed. With the closure again, there was no environmental impact on the Fort Huachuca area.

Environmental studies were not done on Fort Huachuca because, on reading through the Commission's background data, all of the data supported a co-location of ISC and the Intel School, or ICS, at Fort Huachuca. So all the background information considered assumed that Fort Devens was closing and that ISC and ICS would both be part of Fort Huachuca, so again there was to be no environmental impact and it simply was not studied.

The last thing that the Commission was to consider was the implementation process of making the move. ISC is looking at moving thousands of people across the country, and they were never asked about the implementation process. They were never asked to consider the pros and cons of making the move, the disadvantages, the complications, the problems. It was simply never an issue.

ISC was sitting at Fort Huachuca and were really not at all concerned that they were even to be affected by the Commission's findings.

SUMMARY OF NINE CRITERIA

So in summary, of the nine criteria, again I could not find any of the nine that fit the ISC relocation. I understand now that there is a proposal to have GAO continue to study some of the supporting documentation of the Commission's findings.

I really believe that if GAO would study this thoroughly and we could take the few months that we need to hear what GAO has to say, that we will very clearly either have one of two directions: we will either find that the move was made for a very, very good reason and makes very good sense, or we will find out that for some reason the numbers were not complete, the homework was not complete, and that that particular portion of the act does need to be readdressed.

I do recognize that in some of my comments I seem to throw arrows at the Commission, and please understand that that is not my intent. The Commission had an astronomical amount of work that they were to do in a short period of time.

And in looking through and reading very carefully what the Commission submitted, it is very thorough and the base closures in my opinion make a lot of sense. Some of them, as we know, are not very popular, but they do appear logical.

ISC appears at the very, very end of that document, almost as though it were an afterthought. All the Commission's background data supports the fact that the ISC relocation was an afterthought, that it occurred during the last couple of weeks prior to the Commission being required to submit its recommendations.

So again, it raises some questions. Perhaps the Commission did not have time to accumulate the data it needed that would impact ISC and its move, whether or not it should be done, that they were in a hurry and they were up against a deadline and, because this was the last issue considered, they did not have everything they needed.

Even if that is not true and they did get all of the data that they had asked for and they had time to review it, I think then we do need an explanation of why the move was logical. Again, there could be one, but we would like to know what it is.

Finally, I do understand that the act has to be an all-or-nothing approach. But in reading it again, I must say that it is very, very good and the closure of all of those bases is certainly something that every taxpayer can identify with and appreciate.

But if there is a mistake or if there is a flaw in part of it, I think we still need to somehow show the flexibility to address the mistake. None of us are perfect. We all make mistakes, and when we make them we have a responsibility to work to get them corrected.

So I ask, if it was a mistake, please let us look at that part of it again.

Again, I want to thank you for your time. As you know, this is a serious issue for Sierra Vista and Fort Huachuca. And past that, I think it is a very serious issue for the taxpayers if it is, in fact, to be a recurring annual cost of $31 million, this is not really feasible.

So again, thank you very much for your time and your consideration.

POSSIBILITY OF COMMISSION ERROR

Senator INOUYE. Thank you very much, Ms. Morris.

We held our first hearing on March 2 and at that time we received testimony from the two Chairmen of the Commission, Congressman Edwards and Senator Ribicoff. If my recollection is correct, your senior Senator, Senator DeConcini, asked the question: Is it possible that the Commission could have made an error?

The response was a very candid one: "Yes, it is possible that we could have made a mistake. However, the Commissioners said, our books are closed. We have finished our work; we have submitted it. Now it is up to someone else."

That someone else is sitting right here.

As I responded to one of your correspondents from I think Sierra Vista, I said that if the Commission made an error then I think it is incumbent upon the Congress to rectify that.

I think your Senator should be commended. At his request, we held another hearing, as you know, on March 4. At that time, Sierra Vista had an opportunity to more fully present its case.

I can assure you, as I assured my colleague from Arizona, that if the subcommittee is convinced that a mistake has been made, we will be the first. We may initiate the rectifying legislation to bring about this change. So your testimony, I can assure you, is extremely important and helpful.

Senator DeConcini?

Senator DECONCINI. Mr. Chairman, thank you very much for those remarks and the objectiveness with which this subcommittee is approaching this issue.

I would ask, Mr. Chairman, that a statement from Mr. Jeff Hass, City Council Member, also from Sierra Vista, who is over in the House right now testifying on the same subject matter, also be included in the record.

Senator INOUYE. Without objection.

[The statements follow:]

STATEMENT OF SANDI MORRIS

Thank you for the opportunity to present both comments and questions concerning the Commission's Base Closure and Realignment Act. My concerns are twofold. The first centers around the Commission's charter as directed by Congress and my evaluation of its recommendations against this charter. The second concern is one of dollars and a solid belief that an investment of millions of taxpayers' dollars has to make sense. I will now share with you facts which support both of these concerns.

The Commission was instructed to operate under a number of specific guidelines. Included were nine criteria that their charter says the Commission must consider. These were, in my opinion, not considered in the recommendation to relocate the

Information Systems Command (ISC) from Ft. Huachuca Arizona and into Ft. Devons, Massachusetts.

1. Impact on current and future mission requirements and readiness. It is probable that 50–75% of the ISC civilian personnel (computer specialists and engineers) will not relocate to Ft. Devons with the Command. Many were uprooted once already with the Command 5 relocation to Ft. Huachuca. This loss of valuable and trained manpower will destroy the Command's continuity and effectiveness and force immediate and heavy recruiting efforts by ISC in a geographical area commanding 65% higher salaries and costs of living

2. Availability and condition of land and facilities at both locations. By the Commission's own data, Ft. Devons is landlocked and has no existing land available for expansion needs. This is certainly not the case at Ft. Huachuca which has the space to accommodate both new Commands and necessary growth.

3. Potential to accommodate contingency, mobilization, and future force requirements of both locations. Again, the Commission's own data supports the argument to leave ISC at Ft. Huachuca, close Ft. Devons, and colocate both ISC and ICS at Ft. Huachuca.

4. Cost and manpower implications. The costs of moving ISC were determined by the Commission to be $218 million dollars. These figures failed to consider many aspects of a move this major, and more realistic costs are now being projected at $500–800 million. Combined with heavily inflated manpower costs associated with the Ft. Devon's area, the move does not appear economically feasible.

5. Extend and timing of potential cost savings, including a 6-year payback requirement. The Commission, itself, states recurring ISC move costs to be $18 million without ever recognizing a payback or break even point! If the overall purpose of Congress through this Commission is to cut and save costs, this one criteria alone destroys that purpose.

6. Economic impacts on the communities in both locations. Economic impact on Ayers, Massachusetts was studied by the Commission and found to be minimal, but there is no indication that the economic impact on Sierra Vista, Arizona was even discussed.

7. Community support at both locations. Commission members traveled to Ayers and afforded that community an opportunity to show their support of Ft. Devons. The same opportunity was never given to the Sierra Vista community.

8. Economic impact at both locations. Again, Commission documentation addresses only Ft. Devons and shows no negative economic impact on the closing of Ft. Devons. This subject was not discussed concerning Ft. Huachuca.

9. The implementation process. ISC was never questioned about the pros and cons, complications, costs, etc. of implementing a move of their Command. This criteria appears not only to be last, but to also be least of the Commission's concerns.

To summarize my first concern, the decision by the Commission to move ISC appears to contradict Congress' intent, violate Congress' criteria, and does not fulfill its mission as directed by Congress to save costs and improve mission efffectiveness.

In support of my concerns regarding the spending of taxpayers dollars, it is to each member of Congress that we, as taxpayers, have entrusted this responsibility. Each of you must ultimately answer questions posed by your constituents as to why and how the expenditure of $500–800 million dollars to move ISC helps to save costs and/or increase mission effectiveness with the Army and DoD. The information thus far provided does not give you the answers to these questions. Perhaps the move does make very good sense for very good reasons and if this is the case the reasons need to be available to the general public for their understanding and endorsement.

The results of the proposed G.A.O. study should clearly provide reasonable answers to the taxpayers' questions, or point clearly to the need to readdress portions of the Commission's findings. To wait on the G.A.O. study results would be a prudent move toward having the voters "feel good" about decisions made at the Congressional level. The entire base closure and realignment issue has been pending for many years. It seems that a few more months would not adversely effect Congress' direction toward base closing, but could give Congress more much-needed data on which to base their ultimate decision.

I recognize that my comments have been quite direct and, at times, seem to "throw stones" at the Commission and its members. Please let me clarify my intent. The move of ISC is unique compared to the other recommendations made by the Commission regarding base closures. The Commission obviously did a remarkable amount of study and work prior to recommending the various base closures. In reading the Commission's report, these closures were thoroughly researched and do appear logical even if not popular.

The ISC move appears at the end of the Commission's report almost as though it were an afterthought. The lack of supporting documentation from the Commission's study data seems to support the theory of afterthought. All documentation prior to mid-November pointed toward the colocation of ISC and ICS at Ft. Huachuca and the closing of Ft. Devons.

What happened to explain the "add-on" of the ISC move as part of the Commission's report?

Wherein lies the logic of the ISC move?

Did the Commission's waning time factor prevent proper study of the final portion of its recommendations?

And, finally, if there are flaws in the conclusions drawn by the Commission regarding the ISC move (caused by an inadequate amount of remaining time to properly study so major a move), where do we go from here?

It would be a further injustice to ISC, the Army and DoD to address cost considerations later and find that the money needed to do the move right is not available. The move, then, would not only devastate immediate mission effectiveness; but it would also force a major strategic command to make such a move with severely inadequate funds.

No one person or group of persons is above making mistakes. If a mistake is made, no one should be exempt from their responsibility to work toward correcting those mistakes.

I appeal to each of you to be sure in your own mind that moving ISC is the right thing to do from all aspects and not a costly mistake that we could all end up paying for for a long time to come.

Thank you, again, for your time and your consideration of my concerns. I know your time is very important and that many other major issues are weighing upon your mind simultaneous with this one. I am confident that your decision, regardless of its outcome, will have been made after careful study and review of all facts and concerns.

STATEMENT OF JEFF HASS

Mr. Chairman and Members of this Committee, I would like to thank you for the opportunity to testify before you today on a matter of utmost importance. My name is Jeff Hass, and I appear before you today as a City Councilman from Sierra Vista, Arizona, and as a Federal Taxpayer. In February, I traveled to Washington to learn more about the Realignment and Closure Act. More precisely, how it would affect our community and how the decisions were made. After reviewing an exhaustive amount of data provided by the Commission and the Information Systems Command itself, I came to the conclusion that I was dealing with a realignment that was unique in character. We concluded that the decision reached could not be justified by any standard which was established by the Commission. In fact, this realignment was not only more costly but in fact would destroy the vitality and corporate competence of a very important Command. I understand the weight of this statement and can only ask that for further details that you speak to the Command itself.

My purpose for being here today is to impress upon you the fact that the conclusion made by the Commission is flawed. How this happened I do not know. However, there are a number of items that I am sure are of interest to you as lawmakers.

I am sure that you are concerned with this Command's mission and how it interrelates with the security of our country.

I am sure that in a day of strict budget restraints that you are concerned with the cost.

I am also sure that anything Congress can legislate they can also remedy.

And, I am finally sure that for the most part, this Realignment and Closure Act fulfills the Commission's goals and objectives.

However, what I ask you today is, if I am right, that you take this issue into consideration, examine it and give the taxpayer what he deserves. We have the right to expect the best from our government and you have the obligation to strive for that even if it means that there are some exceptions within the Commission's recommendations.

Since we have supplied you with a detailed handout, I will not take up our valuable time this morning reviewing that detail. I will, however, address the summary. Simply put, there is no payoff.

The Commission's numbers were flawed by 272% in increased annual recurring costs and by 81% in one-time costs. I do not ask that you believe me, and I do not ask that you believe the Commission, but I do ask you to believe the actual appropriations that the U.S. Army will request with respect to this move. Based upon these numbers there is no payoff for you or me or our grandchildren or our great-grandchildren. There will never be a payoff.

When the finances are taken into account and added to the fact that the Information Systems Command was consolidated some five years ago, the scenario becomes even more difficult to understand. In order to perform its mission, several sizable groups such as those stationed at Fort Belvoir would, by the Command's recommendation, remain there. In view of these facts, it is clear that when 30% of a Command is in the DC area and 70% of the Command is at Fort Huachuca, to consolidate to a third location where there are no presences clouds the issue even more.

I believe that as our representatives, you are obligated to gather all the information you can relative to the Fort Huachuca realignment. After you have gathered the information, should you arrive at the same conclusion that we have, and the Command itself has, then I believe that you are subsequently obligated to seek a legislative remedy. Now all this sounds simple. You see, I am still a product of the system. I still believe that right makes might. I still believe that in a democracy our elected representatives strive for what is right and will stop at nothing to achieve that goal. I am still in love with the process and believe in apple pie and motherhood, and I am sure you know that there are a great many forces out there that would believe otherwise. I am a first generation American. My father was an immigrant that came to this great country and taught me all the great reasons for his being here. I have never forgotten this and I trust that the same truths that I was raised on are the truths by which our elected officials govern us.

It is most difficult to give a detailed report of what has transpired since December of last year. I ask that should you have any doubts as to the propriety of this realignment that you speak with the Command itself. You see, when our delegation came to Washington to plan for our future, we felt sure that the Commission had the answers to our questions. But, to the contrary, our questions only provoked other questions, and those questions began to yield costing figures, force strength numbers and strategic considerations above and beyond what we were told was the mission of the Commission or the intent of Congress.

Once again, thank you for your time this morning. And, I beseech you to look closely into this matter. In closing, I can assure you that there is no other case like this in the entire realignment package. We are unique. The decision rests clearly with you, the members of Congress. The decisions that you make will clearly impact upon the ability of the Command and the ability of Congress to get the biggest bang for the buck for the people of this great country.

Senator DECONCINI. And if I could ask Ms. Morris just one question.

REACTION TO MOVE

You mentioned in your statement, Sandi, that Sierra Vista—that 50 to 75 percent of the people in ISC will not move to Fort Devens. How do you come about with that figure, and have you personally talked to some of these people and know from personal experience that this is the case?

Ms. MORRIS. I have talked with many of the people that are affected by the possible move. That particular number did come from General Rodgers directly to me.

Senator DECONCINI. He is the commander there, is that right?

Ms. MORRIS. He is the commander of ISC and had done a preliminary study, just encouraging each office to gather that data. And it was put in terms of a "Yes, I will," "No, I will not," "Maybe I will." There were a lot of options that he told them to consider.

He also further asked, Under what conditions would you? And the primary factor was: "Hey listen, you moved us across country once; we are the same people that moved here with you; when we moved, we were promised that that was it and we would be left alone."

Senator DeConcini. These are the civilians that are permanent employees there?

Ms. Morris. That is correct.

Senator DeConcini. Making what would be considered relatively high professional salaries?

Ms. Morris. We are talking about GS–12's to –15's.

Senator DeConcini. And did General Rodgers also come up with the conclusion or statement that it would cost as much as 60 percent more to hire the equivalent at Fort Devens?

Ms. Morris. Sixty-five percent.

Senator DeConcini. Sixty-five percent more.

Ms. Morris. Yes, sir.

Senator DeConcini. So those figures were not just something that we all sat around and talked about?

Ms. Morris. That is correct.

Senator DeConcini. These are coming from the Army itself?

Ms. Morris. Yes. He did have surveys done in the Fort Devens area and he has put together four different briefings as he continues to study the costs and complications associated with the move.

Senator DeConcini. And the cost is increasing all the time, is it not, from what General Rodgers told me?

Ms. Morris. Yes, sir.

Senator DeConcini. Thank you.

Mr. Chairman, I have no further questions. I thank the chairman for his time.

Senator Inouye. Thank you.

Are you a member of the city council?

Ms. Morris. Yes; I am.

Senator Inouye. ~~You~~ should be chairperson.

Ms. Morris. Why, thank you. Thank you both for your time. Thank you all for your time.

Senator Inouye. And finally, do we have President George Moses of the National Association of Arab Americans?

[No response.]

Senator Inouye. Ms. Marie Winslow of the National Federation of Federal Employees.

National Federation of Federal Employees

STATEMENT OF MARIE WINSLOW, LEGISLATIVE LIAISON, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Ms. Winslow. Good morning, Mr. Chairman.

The National Federation of Federal Employees appreciates the opportunity to present our views on the fiscal year 1990 appropriation for the Department of Defense. Since approximately one-half of our membership is employed by DOD, we are especially interested in the subject of today's hearing.

Of special concern today, I would like to talk about base realignment and closures and contracting out of Federal functions. I understand from the testimony of the witness right before me that you have been talking about base closures, so with your permission I would like my entire statement submitted for the record and I will just talk——

Senator **Inouye**. Your entire statement will be made part of the record.

Ms. **Winslow**. Thank you, Mr. Chairman.

THREE BASES AFFECTED BY ERROR

I would just like to mention that the National Federation of Federal Employees is aware that there have been some mistakes in the Commission's report, and I would like to point out three bases that NFFE represents employees where we know that errors were made. I speak of George Air Force Base and Norton Air Force Base in southern California and Chanute Air Force Base in Illinois.

The report on Norton Air Force Base states that there is a shortage of warehouses and weapons storage facilities, and yet our members who work at Norton every day can testify to the fact that there is a lot of vacant space in the existing weapons storage facilities and that major renovations of warehouse facilities have been completed.

George Air Force Base is scheduled for closure, and yet what the report failed to note is that George, with 361 flying days per year, is the only home of the F-4G, which is known as the Flying Weasel.

The Commission proposes to move the F-4G to Mountain Home Air Force Base, which has only 220 flying days per year. It does not make sense to base a one-of-a-kind fighter wing at a location that is unsuitable for flights 40 percent of the time.

Chanute Air Force Base was targeted for closing primarily because of alleged lower quality and insufficient facilities. Since the Commission made this report without taking the trouble to visit the base, they were unaware that the $170 million that Congress has appropriated since 1980 to Chanute for construction and improvement of the facilities have been well used.

Many of the new facilities at the Fire Prevention School, the Liquid Fuels School, and the Weather Training School are unique and would have to be constructed elsewhere at great expense if Chanute were closed.

NFFE would like to request that the subcommittee not appropriate any funds for the implementation of the Commission's recommendations until the GAO report has been completed.

CONTRACTING OUT

Our second concern today is contracting out. NFFE has long been concerned about serious problems with contracting out, along with the repercussions of those problems on the Federal work force.

Despite the existence of OMB Circular A-76, the procedures involved in contracting out are constantly abused and ignored, and the results are cost overruns and shoddy workmanship, sole source contracts, and a waste of the taxpayer dollars.

The fiscal year 1986 DOD Authorization Act raised the cutoff points for agencies for A-76 studies, this time from 10 employees to 40. A year later in 1987, the DOD Authorization Act raised the threshold to 45. Under the act, DOD activities employing 45 or fewer civilians are not required to perform a full A-76 review.

Without a cost comparison analysis, the American taxpayer can never be sure whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committees' action, the Defense Appropriations Committees modified the cutoff point in the 1987, 1988, and 1989 defense appropriations bills by requiring the agencies to complete a most efficient and cost-effective organization analysis. NFFE urges the committee to include this requirement in this year's appropriations bill.

Just to cite an example of what we are talking about, I would like to direct the subcommittee's attention to a rogue contracting out scheme affecting NFFE Local 1263. The Department of the Army has requested a feasibility study for contracting out the teaching of low-density languages, a function currently performed by the Defense Language Institute in the Presidio of Monterey.

The Army claims that it is not conducting an A-76 study and it refuses to cite whatever authority is being used. At the very least, a modified MEO study should be conducted, since this function involves more than 9 and fewer than 45 employees.

The Army's indifference to congressional preferences concerning contracting out DOD functions indicates how vital these MEO certification processes are.

Even a proper MEO study, though, we feel in this case would be inadequate. Low-density languages include those such as Bulgarian, Hungarian, Indonesian, and Malaysian, and they are taught to military personnel, with all the specialized terminology and attendant national security considerations.

We feel this is an inherently governmental function that should never have been considered for contracting out at all. NFFE is stunned that the Army would countenance the loss of quality control, military professionalism, specialization, and linguistic expertise that would necessarily follow if the plan was implemented.

The plan calls for military personnel to be educated on college campuses across the country. Clearly, the Army would lose a lot of control over the kind of education that would be involved with people spread all over the place.

We feel that—we urge the subcommittee to withhold funds for contracting out of the DLI language instruction for these reasons.

Thank you, Mr. Chairman. That concludes my statement. I will be happy to answer any questions.

Senator INOUYE. Ms. Winslow, as you know, I represent a State with many major military facilities.

Ms. WINSLOW. Yes, Mr. Chairman.

Senator INOUYE. Many of your members reside in my State, and so contracting out is a serious concern of mine, and I can assure you that this matter will be looked into with more than casual concern.

Ms. WINSLOW. Thank you very much, Mr. Chairman.

Senator INOUYE. As to the matter of base closure, as I indicated, the Commissioners have agreed, admitted, that mistakes could be made, possibly mistakes have been made. If that is the case, I think it is incumbent upon the Congress to provide rectifying legislation to correct the errors.

So you can be assured we will be looking to those bases that you have mentioned.

Ms. Winslow. Thank you very much, Mr. Chairman.

Senator Inouye. Senator DeConcini?

Senator DeConcini. Mr. Chairman, I could not add anything more to what the Chairman so distinctly stated, that this subcommittee is going to look objectively and not parochially at these issues, and I think that is exactly what our charge is.

Thank you, Mr. Chairman.

Ms. Winslow. Thank you, Senator.

Senator Inouye. Thank you very much.

[The statement follows:]

Statement of the National Federation of Federal Employees

Mr. Chairman and Subcommittee Members:

The National Federation of Federal Employees appreciates the opportunity to present our views on fiscal year 1990 appropriations for the Department of Defense (DOD) Since approximately half of our membership is employed by DOD, we are especially interested in the subject of today's hearing. Of special concern to us are three issues, base realignments and closures, the contracting out of Federal functions, and education requirements of the civilian technician program.

BASE CLOSURES

NFFE Locals are the exclusive representatives for three of the Air Force installations slated for closure in the Report of the Defense Secretary's Commission on Base Realignments and Closures. We have serious concerns about the closure of George AFB and Norton AFB in southern California, and Chanute AFB in Illinois.

The Commission's report is replete with erroneous and out-of-date information. We understand that the General Accounting Office has been asked to conduct a full-scale review of the Commission's findings. NFFE wholeheartedly endorses this action.

When considering only the three bases represented by NFFE, the number of questionable decisions upon which recommendations were based are staggering. For example, George AFB, with 361 flying days per year, is the only home of the F-4G also known as the "Wild Weasel." The commission proposes to move the F-4G to Mountain Home AFB which has only 220 flying days per year. It does not make sense to base a one-of-a-kind Fighter Wing at a location that is unsuitable for flight 40% of the time.

The report on Norton AFB states that there is a shortage of warehouse and weapons storage facilities, yet our members who work at Norton every day can testify to the fact that there is vacant space in the existing weapons storage facilities and that major renovations of warehouse facilities have been completed.

The Chanute AFB was targeted for closing primarily because of alleged lower quality and insufficient facilities. Since the Commission made this finding without taking the trouble to visit the base, they were unaware that the $170 million Congress has appropriated since 1980 to Chanute for construction and improvement of its facilities has been well spent. Many of the new facilities at the Fire Prevention School, the Liquid Fuels School and the Weather Training School are unique and would have to be constructed elsewhere at great expense if Chanute were closed.

In light of these concerns and those expressed by many others, it is inappropriate for Congress to consider the Commission's findings as an accurate and valid determination of which military installations should be closed. We therefore request that the Subcommittee not appropriate any funds for implementation of the Commission's recommendations until a full review has been completed.

CONTRACTING OUT

NFFE has long been concerned about the serious problems with the management and control of contracting procedures along with the repercussions of such problems on the Federal workforce. Despite the existence of the Office of Management and Budget Circular A-76, which establishes guidelines for contracting out commercial and industrial activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole source contracts, and a waste of taxpayers dollars.

Already, previous revisions applied to the Circular have virtually destroyed cost efficiency, the primary concern of the American taxpayer. Until 1983, government policy stipulated that contracts should be awarded only when cost studies demonstrated it would be less expensive to perform the work under contract than in-house. The policy, which applied to Federal activities worth more than $100,000, protected the Government and the American taxpayer from paying unnecessarily high prices for essential goods and services.

The policy was spelled out in the Circular A-76, but in 1983 the Administration changed the cutoff point below which cost comparison studies are not required. The revised Circular states that Federal activities with 10 or fewer Full-Time Equivalents may be contracted out without a cost comparison study. These activities can be, and have been contracted out by agency heads without having to determine whether the work can be performed more efficiently by Government personnel.

The fiscal year 1986 DOD Authorization Act (Public Law 99-145) raised the cutoff point for its agencies again, this time from 10 employees to 40. A year later, the fiscal year 1987 DOD Authorization Act (Public Law 99-661) raised the threshold to 45. Under the Act, DOD activities employing 45 or fewer civilians are not required to perform a full A-76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committees' action, the Defense Appropriations Committees modified the cutoff point change in the fiscal year 1987, fiscal year 1988 and fiscal year 1989 Defense Appropriations bills by requiring agencies to complete a most efficient and cost-effective organization (MEO) analysis and certification before a DOD activity employing more than 10 civilians could be contracted. (Under this modified MEO and cost comparison, no conversion costs would be included, nor would there be any appeal rights. It is simply a provision to ensure that the Government is performing a function in the most efficient and cost effective manner before its costs are compared with those of a contractor.) NFFE urges the Subcommittee to include the requirement again in this year's appropriations bill.

To cite an example of how vital this requirement is, we would like to direct the Subcommittee's attention to a rogue contracting out scheme affecting NFFE Local 1263. The Department of the Army has requested a feasibility study for contracting out the teaching of low density languages, a function currently performed by the Defense Language Institute at the Presidio of Monterey in California. The Army claims that it is not conducting an A-76 study in this instance, but refuses to cite what authority is being used. At the very least, a modified MEO study should be conducted, since this function involves more than 9 and fewer than 45 employees. Army indifference to Congressional preferences concerning contracting out of DOD functions indicates how vital the MEO certification process required by the previous three DOD appropriations bills is.

Even a proper MEO study in this instance, however, would be inadequate in NFFE's view. Teaching low-density languages (Bulgarian, Hungarian, Indonesian, Malaysian, etc.) to military personnel, with all the specialized terminology and attendant national security considerations is an inherently governmental function that should never have been considered for contracting out.

NFFE is stunned that the Army would countenance the loss of quality control, military professionalism, specialization, and linguistic expertise that would necessarily follow if military personnel were required to study languages on college campuses across the country. Yet the proposed feasibility study would seem to indicate the contrary.

DLI has spent years perfecting its teaching techniques and facilities. The chance of achieving similar success rates outside is highly problematic. Yet, if the low-density language teaching functions are contracted out and training from other sources proves inadequate, it could take decades to recreate what DLI already has now. This example is typical of the shortsighted decision-making process that seems to plague contracting out questions in DOD. NFFE urges the Subcommittee to withhold funds for contracting out DLI low-density language instruction.

Ironically, once a function is contracted out, it is virtually impossible to return it to in-house performance, even if cost overruns are outrageous. Since it is not in the activity's best interest to acknowledge to the command that contracting mistakes have been made costing thousands of dollars, the commands rarely request re-evaluation, despite the fact that the cost increases are compounded over the life of the contract.

Unfortunately, it is also difficult to predict such cost overruns before the function is contracted out. Because the appeals process for A-76 reviews is extremely narrow in scope, losing in-house bidders rarely can prove that no responsible contractor could perform the function for such a low estimate. Instead, American taxpayers are forced to suffer through the poor performance and cost overruns for the entire contract period. NFFE is currently working to broaden the appeals process for in-house operations, so that there will be no recurrence of the horror stories that have become so common in contracting out situations.

Moreover, NFFE supports legislation to require the Government to return any savings achieved from contracting out to the U.S. Treasury. If the Department of Defense is convinced that contracting out government services is a taxpayer's dream, then they should be willing to use the savings to reduce the nation's deficit. Alternatively, if no savings is accumulated or if contracting out is actually shown to cost more money than the government had been spending, perhaps a serious re-evaluation of the program will be conducted. NFFE urges the Appropriations committee to adopt a similar provision in this year's Defense Appropriations bill.

In summary, the Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons: cost efficiency and quality performance. Thousands of Federal activities and billions of tax dollars are now wide open to potential abuse, especially within DOD. NFFE strongly urges the Subcommittee to prevent this by including legislative restrictions on contracting out in this year's DOD Appropriations bill.

CIVILIAN TECHNICIAN PROGRAM

During the past several years, NFFE has appeared before the subcommittee many times to discuss the civilian technician program. Civilian technicians have helped maintain the National Guard and the Reserves as an effective fighting force for many years. These technicians are called upon to provide full-time administrative, supply, training and maintenance support that has enabled each Reserve component to become a key link in our national defense structure. The Defense Department has recognized that civilian technicians are the group best able to accomplish the task of performing this critical mission. Today, technicians are stationed in every state and territory and at thousands of bases and armories, constantly ensuring that our forces are ready to meet any crisis.

Today I would like to focus on one particular issue concerning civilian technicians: the Military Education Program (MEP). The fiscal year 1989 DOD Authorization Act included language which phased out the Military Education Program for Army National Guard civilian technicians. This action was in response to a General Accounting Office study which demonstrated that the MEP was unnecessarily costly, wasteful of DOD resources and damaging to technician morale.

In response to this legislation, the National Guard Bureau issued a memorandum dated October 31, 1988 which establishes a "professional development program (PDP) for military technicians." NFFE believes that the PDP is basically similar, and in some cases worse, than the MEP, since the requirements for Guard personnel are more severe. In many states, there are no personnel qualified, under the reserve component, for promotion under the new program. Some of our members have been required to retake courses they have already completed. NFFE also understands that some of the new requirements are so onerous as to be practically unobtainable.

NFFE is convinced that the new PDP violates the National Defense Authorization Act for fiscal year 1989. To date, the National Guard Bureau has not responded to a request by Representative Beverley Byron (D-MD) made on February 17, 1989 concerning the PDP. We urge the Subcommittee to request a copy of the Bureau's statement on PDP and study it for similarities between the two education programs. If the report shows, as NFFE suspects it will, that the PDP is nothing more than a reincarnated MEP, we urge the Subcommittee to eliminate funding for PDP.

This concludes my statement. I will be happy to answer any questions.

ADDITIONAL STATEMENTS

(CLERK'S NOTE: Additional statements were received by the subcommittee subsequent to conclusion of the hearing. The statements will be inserted in the record at this point.)

STATEMENT OF AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS

Mr. Chairman, on behalf of the American Institute of Aeronautics and Astronautics (AIAA), we thank you for the opportunity to appear today.

The American Institute of Aeronautics and Astronautics (AIAA) is a nonprofit professional society dedicated to advancing the arts, sciences, and technology of aeronautics and astronautics and to promoting the professionalism of those engaged in these pursuits. We have a membership of over 43,000 drawn from all levels of American industry, academia, private research organizations, and government as well as from numerous nations abroad.

OVERVIEW

U.S. technological competitiveness is a topic of major concern to defense and civil policy-makers. Nonetheless, as the AIAA has testified previously, protectionism is not the way to maintain technological leadership. A technological lead can be a fragile commodity. If you don't continue to invest in technology, you will diminish the future competitiveness of your products and services. Currently, the U.S. is the world leader in the production of commercial aircraft. That leadership reflects the investments we have made in the technological base which supports these products. Historically we have been a leader in R&D investment as a percentage of Gross National Product (GNP). Other nations, however, now understand the leverage that such spending provides and have increased their funding of R&D as a percent of GNP.

Our primary concern is the current decay in the defense technology base, whose funding has decreased over the last 20 years. A strong technology base is critical to our future ability to field effective weapons systems. We realize that these are fiscally difficult times, and that many national priorities are being squeezed because of the need to reduce the federal deficit. But although the technology base is an investment whose returns will not be visible until some time in the future, as with any investment we must, as a matter of faith and discipline, continue to fund the technology base adequately even in these difficult times. Last year we urged a level of $3.45 billion (about 9.3 percent of the RDT&E budget), and we were gratified to see its realization. We feel it is important to continue on the path we recommended; that is, 3% real annual growth until the level of tech base funding is at least 15 percent of RDT&E, or 2 percent of the DOD budget. We therefore recommend FY90 funding of $3.7 billion for the combined research and exploratory development (6.1 and 6.2) categories (assuming a 4 percent rate of inflation for FY 1990).

The Administration's request of $3.29 billion is totally inadequate for the job, being $420 million below our recommended budget level. Of course we have no idea at this time whether additional defense budget cuts agreed to by President Bush will impact the Technology Base budget.

IMPORTANCE OF TECHNOLOGY

It is universally accepted that technology has played an important role in defense matters since before World War II. Radar gave the English the edge in the Battle of Britain, and sonar helped defeat the submarine wolfpacks. In more recent times, "smart bombs" and similar weapons gave us the force multipliers needed to counter massive Soviet conventional-force buildups. Unfortunately, however, it is hard to forecast exactly how and where new technologies will eventually be applied. In a society that values cost effectiveness and maximizes gain, the process of broad technology base development may seem inefficient, but the contributions technology has made both to the U.S. defense effort and to society at large have demonstrated the value of that process. For the past 40 years, the U.S. has led the world in technology, both civil and defense. This effort has contributed to the assurance of a balance of power that has kept peace among the great powers for an unprecedented period of time. Moreover, the importance of technology will not diminish in the future; it will grow.

Technology made a dream of the forties, the Stealth bomber, a reality of the eighties. Technology is crucial to realizing the dream of creating a defense against ballistic missiles. Technology provides a rich menu of defense options. Indeed, technology is all-pervasive whether used directly in weapons systems or to support our defense strategy and policy.

TECHNOLOGY BASE FUNDING

According to the Defense Science Board's 1988 summer study on the Defense Industrial and Technology Base, the money spent on the Defense Technology Base has decreased in constant dollars since the early 1960s. At the same time, the GNP has increased by two and a half times (see Figure 1). Although total spending for the broadest category of defense R&D has been increasing steadily since 1980, the percentage devoted to the tech base has been declining steadily (see Figure 2). In the FY89 budget, the percentage devoted to the tech base was 9.3 percent, and in the FY90 budget it is 8.0 percent. As Figure 2 indicates, in 1965 it had been almost 25 percent. It is our position that the tech base funding must increase until it returns to at least 15 percent of RDT&E, and we recommend that it achieve this goal by a 3 percent real growth per year.

A recent forecast by the Electronics Industries Association projects that the RDT&E portion of the defense budget will decline by about $6 billion (constant 1989 dollars) over the next ten years. The AIAA is concerned that these projected reductions in the defense RDT&E budget will further erode technology-base funding and postpone essential investments in the technologies required for future weapon systems. This concern is exacerbated by the likelihood that budget cuts will constrain the fielding of new weapons systems.

We therefore propose the following actions:

- Protect the future of our technology base by protecting the 6.1 and 6.2 categories of funding, which allow for technical innovation without strict military application.
- The Department of Defense should introduce new management approaches to enhance cross-service sharing of technology development, thereby reducing redundancy among the numerous government laboratories and fostering synergism.
- The Department of Defense should reverse the growing trend of U.S. dependence on foreign sources for defense technology. Such a plan should also find and implement methods to attract U.S. citizens back into graduate-level science and engineering degree programs and to counter the possible loss of our nation's capability to undertake leading-edge scientific development.

In aircraft propulsion, the DOD's technology investment over the past twenty-five years has maintained the U.S. industry's technical level above that of the rest of the world. The government's investments in technology, along with funds made available through the Independent Research and Development (IR&D) program and investment by the industry itself, have kept this industry technically superior to all competitors, friendly and otherwise. Moreover, this lead has generated a strongly favorable balance of trade in this segment of the market; any reduction in our leadership position will erode that favorable balance. The DOD's portion of the investment is very important. Using the aircraft gas turbine business as a model to increase the science and technology base in other areas might serve to augment the U.S.'s lead in those areas. Also, we must not fail to continue our investments in aircraft gas turbine technology; if we do not keep running, the rest of the world will pass us by.

In the context of 6.1 and 6.2 expenditures, the AIAA supports new DOD initiatives such as "R&M 2000" and TQM (Total Quality Management). TQM and R&M 2000 principles will result in both lower costs and greater productivity and quality in our defense products across the board, from design inception to manufacture to operation in the field. We therefore suggest that 6.1 and 6.2 funds be provided to assure that these concepts become an integral part of the early phases of new weapon systems design.

NATIONAL AEROSPACE PLANE (NASP)

We have repeatedly stressed that a key element of the nation's defense lies in its advanced technology. The National Aerospace Plane Program (NASP) is an essential next step for future space operations. It will demonstrate aviation and space technologies that will be needed at the turn of the century. Under the NASP umbrella, the nation has embarked on an enterprise that involves some 5,000 technical personnel. Critical and supporting technologies have been managed by Air Force and NASA labs, and the NASP Joint Project Office has formed an unprecedented consortium of industry, government and academia to conduct research on high-temperature materials and share the fruits of that research. The scope of technology development under the NASP is comparable to that of the Apollo program; its technology base will contribute to the needs of both future space vehicles and high-speed aircraft, civil and military. The NASP focused-technology development effort is precisely the foundation that is needed at this stage. Strong congressional support is warranted.

INDEPENDENT RESEARCH AND DEVELOPMENT (IR&D)

Independent Research & Development (IR&D) carried out by industry has been widely recognized as a valuable source of innovative ideas and makes a major contribution to the national technical capability. A specific example in our field was cited in testimony last year before the Senate Armed Service Committee. While the DOD was funding the development of composite jet engine turbine blades, General Electric and Pratt & Whitney developed on their own the superior single crystal turbine blade that is now used in the most advanced jet engines.

In recent years studies have indicated that IR&D expenditures were declining, and a Defense Science Board panel (December 1987) has stated that the problems with IR&D were reaching "crisis proportions."

Last year the Congress took a big step toward alleviating these problems by removing the cap on IR&D expenditures. The Defense Department endorsed this position and has shown significant support for IR&D expenditures despite strong budgetary pressures. Discussions are still continuing between the DOD and Industry on plans to streamline the management of IR&D, and we hope that these will result in a satisfactory resolution of the remaining problems.

As an engineering society we strongly believe IR&D is essential to maintaining the nation's technical capability for national defense, and we urge your continued support for the program.

CONCLUSION

The Defense Subcommittee of the AIAA Public Policy Committee wishes to express its appreciation for this opportunity to present our views. We understand the complex and complicated nature of the issues you must deal with and the interests that

TRENDS IN FUNDING FOR RESEARCH (BASIC AND APPLIED) COMPARED TO THAT FOR GNP, 1955-1987. Solid curve and left-hand scale show GNP trend. Remaining curves and right-hand scale show trends for research funding: (1) total US (federal and private sectors); (2) total federal; and (3) DOD.

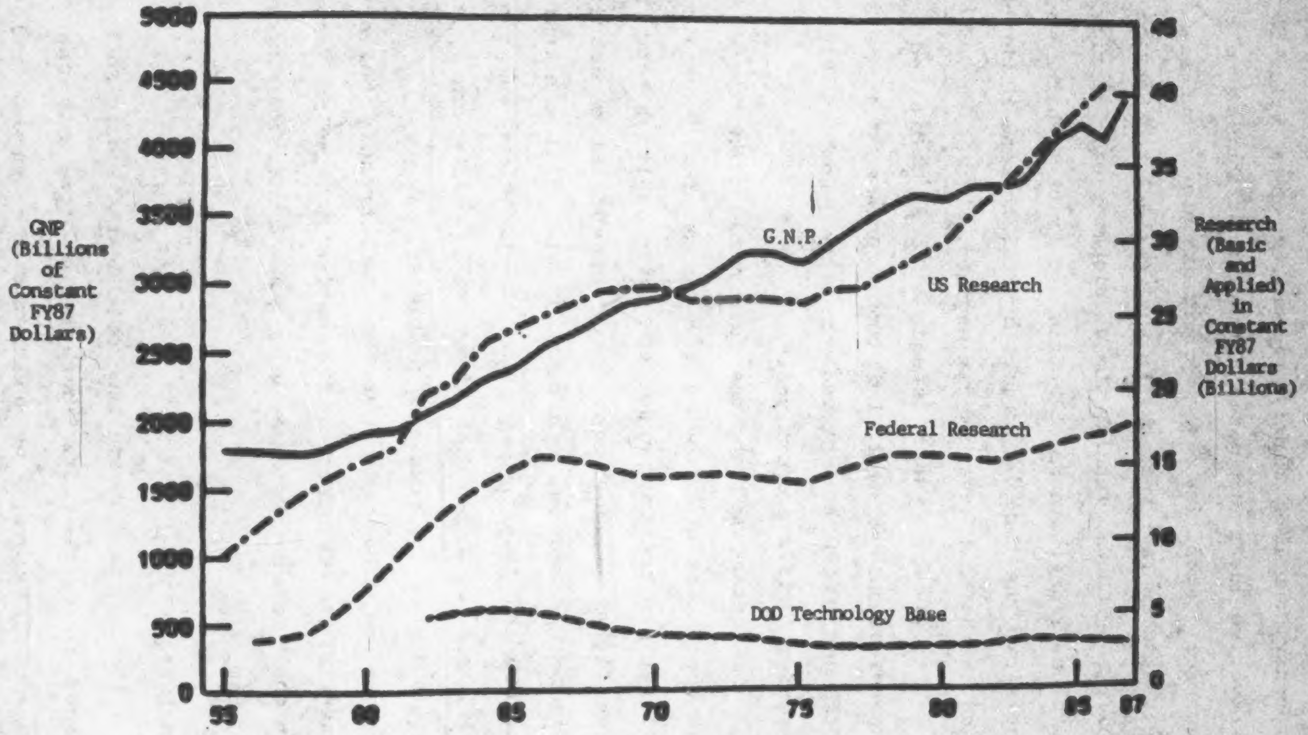
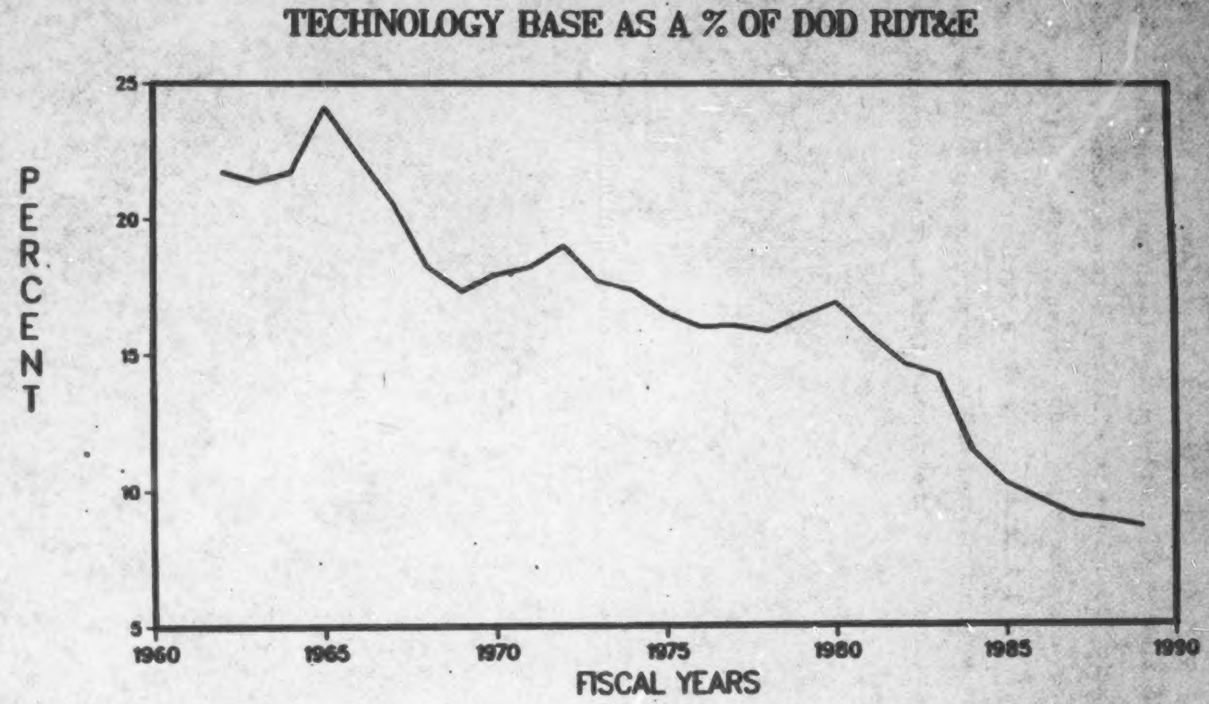


FIGURE 1

the democratic process requires you to balance. But it is precisely times like these that require vision and commitment. We urge you to commit yourselves to a strong defense technology base by appropriating a Fiscal Year 1990 budget of $3.7 billion for the critical 6.1 and 6.2 categories. In addition, we urge strong support for the National Aerospace Plane program and for recent government actions to strengthen Independent Research & Development (IR&D).



(Source: Dept. of Defense)

FIGURE 2

STATEMENT OF ASSOCIATION OF CIVILIAN TECHNICIANS

Mr. Chairman and members of the committee, I appreciate the opportunity to once again appear before this committee and present our organizations views on the full-time support program within the National Guard. I would also like to take this opportunity to express our sincere thanks for your continued support.

In this time of profound economic distress, when so much attention will and must be paid to government spending, the AGR program must be examined more carefully than ever before. However, we do not use the word "value" to mean just the financial cost of the program, but whether or not it has enough intrinsic value to justify its existence.

It is, and has always been, our contention that it is of little value, extremely wasteful, and has failed to live up to its promise. Its minimal value can be traced to the very concept of what the program was supposed to achieve and the way it has been managed. For reasons, which we will make clear, it could not live up to its highly vaunted forecasts. Its failure to live up to the inflated statements uttered by its creators will be easily understood when you hear how AGR's are trained, what it is AGR's do, and how they have been assigned. Truly, it can be said that the AGR program was doomed from the start. Its waste is readily apparent to anyone who examines the high pay and benefits given to AGR's, which at the same time are denied to civilian technicians who do exactly the same work.

The seed for the AGR program was planted in 1975 when Congress directed DOD to use the least costly form of manpower in the DOD Appropriations Act of 1975, Public Law 93-365. In 1976 the Defense Manpower Commission, in its report to the President and Congress, concluded that $270 million could be saved annually by replacing all Army and Air Force reserve component technicians with Guardsmen and Reservists on active duty. The following year

Major General Francis Gerard, currently Adjutant General for New Jersey, conducted a comprehensive review of the Full-time support program. The "Gerard Study" recommended the retention of the technician program but a test AGR program was still put into effect.

In its' November, 1980 report to the Deputy Assistant Secretary of Defense for Reserve Affairs, Management Consulting & Research Inc. stated there would be no significant cost savings in converting technicians to AGR status and that additional costs could be incurred due to pay and benefit differentials and lower military manpower availability. MCR also reported no measurable change in unit readiness due to the conversion test and that job perfomance showed no significant difference between the dual status technician and full-time military personnel.

In 1983 the Surveys and Investigative Staff of the House Appropriations Committee reported that the National Guard Bureau's "four sergeants per unit" plan would cost approximately $115,000 annually per unit. Formerly, two technicians did the job at an approximate cost of $42,000. Back in the early 1980's it was already apparent that AGRs would cost more than additional technicians but the AGR program continued to grow.

Major General John Conaway, then Director of the Air National Guard, testified before the House Defense Appropriations Subcommittee as follows:

> "I am surprised that the AGRs, who obviously are organized, are not complaining more than the technicians or the technician unions, because AGR personnel are basically discriminated against more than the technicians are when it come to upward mobility".

This statement flies in the face of the previously cited 1983 S&I Report that found too many management and supervisory positions were being filled by AGRs. AGRs are still moving into most of the supervisory positions at the expense of technician advancement. A majority of AGR personnel are holding military grades of Master Sergeant and above. General Conaway's statement includes refence to technician unions which seem to cause some sort of problem for the National Guard Bureau. However, the 1980 MCR report and subseqent reports found no specific examples of union interference with military activities or unit readiness. Rep. Norman D. Dicks identified the problem during 1981 hearing by the House Defense Appropriations Subcommittee when he said: "I keep hearing that here is kind of an anti-union mentality in the leadership of the Guard".

When the AGR program was first proposed, its alleged benefits were announced with high-flown statements that now only brings a cynical smile to the face of anyone who has studied it. The same is true of all the praise that has been heaped on it since its inception. For example, AGR's were going to be assigned to deployable units. They would then be able to improve the training level of the units and enhance their mobilization readiness. Also, the AGR program was going to provide the Reserve Components with a broad breadth of experienced personnel. They would perform duties which were a departure from the traditional administrative support role performed by civilian technicians and provide units with personnel who had a broad range of military skills. Not only has the AGR program failed to live up to these glowing standards. The Civilian Technician program has managed to consistently prove its superior value. Whatever modest benefits the AGR program has provided, it is in a large part due to the constant help and sustenance provided by technicians. Meanwhile, these modest benefits have been purchased at a very high cost.

It would not be possible for the AGR program to achieve its goal unless its personnel are properly utilized. When we examine the program, we find that one-third of its personnel are not even in deployable units. In some individual states, the percentage is as high as 48%! It also means that most of these AGR's are not mobilizaton assets. The managers of the AGR program have assigned many thousands of AGR's in a manner that can only be characterized as a conspicuous disregard for one of the basic reasons for its creation. The AGR's we are talking about are those which have been assigned to the State Area commands (STARC). These personnel have no specific commitment to report to a mobilization station. Many of them never will, for their mobilization assignment is to stay behind, within the boundaries of their home states, and perform administrative, security, and housekeeping duties. More than that, some of those STARC personnel have duties that require no combat training, nor are they issued any combat equipment, nor are they assigned to any combat unit. Technicians, by law, must work, train and deploy with their units. This requirement is prescribed by the National Guard Technician Act of 1968, Public Law 90-486.

How far all of this is from the original reasons for the AGR program! How far from the supposedly urgent and necessary fact that AGR's would be placed in combat units, be deployable assets, and get their parent units ready for mobilization and raise their level of training. How far all of this is from the need for AGR's to be at the cutting edge when their units would deploy to their mobilization stations. This serious variation from the initial standards for the AGR program was not sanctioned by the Congress. It was done by the managers of the program and amounted to a self-inflicted wound. It succeeded bringing the program into greater disrepute than it already had and further weakened any slight arguments in its favor.

But, there are more serious and far-reaching faults with the AGR program, that discredit it completely. AGR's only do work that can, is, or was done by technicians. This is a bed-rock, categorical statement. In most cases, both groups do the same work. Where there is a difference, it is only because the managers of the AGR program will not permit technicians to do them. Most interestingly, those tasks used to be done by technicians. Therefore, we have an act of deception, when friends of the AGR program try to prove its necessity. For years they have tried to demonstrate that AGR's are a special group of employees, separate and apart from technicians. But, no amount of deceptive arguments can alter the truth. It is not true.

We are sure that you can see why it is so important for them to try and maintain the falsehood. How can the AGR program be justified, if AGR's only do work that was always done by technicians, or can be done by technicians? Under those circumstances, what driving, rational reasons can be advanced for the program? How could the friends of the program satisfactorily explain what special benefits were being provided to the Reserve Components? They would have to admit that AGR's were doing nothing new or special, and were identical to civilian technicians. At that point, the reasons for the AGR program would collapse. It would be a tacit admission that technicians could just as well improve the level or training for their parent units, and just as readily get them ready for mobilization. The AGR program would be stripped of any reason for its existence, and be revealed for the sham and fraud it is.

AGR's are not a special group of military personnel, whose workday is devoted to participating in military exercises; nor, do they spend their time abiding by a different set of training and mission requirements, than that which applies to civilian technicians. For example, in the Army National Guard, most AGR's are only an administrative, clerical work force. Contrary to what has already been stated, they do not represent a departure from the administrative support role which technicians have always performed. Any attempt to convey a different impression is fraudulent.

In order for the committee to verify what it is that AGR's are expected to do on a day-to-day basis, it need only examine the published AGR Job Descriptions. After having done so, it would be beyond comprehension for anyone to continue any belief in the lie that AGR's do work that is unlike that which has been done by technicians. AGR's are nothing but a redundancy, who do work, that historically, was the sole province of technicians.

When the proponents of the AGR program say that AGR's alone can, and must be used to improve the status of the Reserve Components, they only reveal their prejudiced and myopic viewpoint. In all probability, they know what the truth is, but must live with a lie. This is necessary for them to keep proping up an unnecessary wasteful program. AGR's do nothing that cannot be done by technicians.

To further underscore the relative values of the AGR and Civilian Technician programs, we now make another categorical statement. Technicians alone are permitted to work in maintenance shops of the Army National Guard. We stress this point, because, at times, it has been said that one reason for the AGR program was to provide well trained, highly skilled, personnel, who would be needed to deal with the new and complex equipment entering the Army's inventory.

However, when a new piece of equipment enters the Army National Guard inventory, it is technicians alone who encounter it first. It is they who perform the necessary Technicial Inspection, before any equipment is accepted for use. Furthermore, if any equipment is in need of major repair or maintenance, it is technicians who do it. Please keep in mind that we are speaking of the entire scope of such repair from patching a ripped tent, to calibrating sophisticated electronic equipment, to repairing a tank or howitzer, etc. Without fear of contradiction, it can be said that technicians are far more valuable to the Army National Guard than are AGR's. For, not only can they match AGR's, job-for-job in the administrative area, it is they alone who keep equipment up to standard, without which, no unit could enter battle.

As far as the Air National Guard is concerned, we have a somewhat different picture. But, friends of AGR's can take no comfort from it. Once again, AGR's and technicians both perform administrative duties. On the flight line, they are both involved in getting planes ready for flight. But, there is no distinction in the work they do. What one does is done by the other. Is it any wonder that technicians, with many years of experience on the job, ask why AGR's have been satellited upon the Air National Guard? If they do nothing special, why are they here? Why does the Air National Guard need them? Interesting to note, the Air Force Reserve does not embrace the AGR Program. During testimony before the House Defense Appropriations Subcommittee on May 13, 1982, Major Genearl Richard Bodycombe, then Chief of the Air Force Reserve, stated: "As you know, one of the main reasons we have been so successful in maintaining readiness in the Air Force Reserves is our Air Reserve Technician program. " A year earlier he testified that the Air Reserve was very happy with its "mix" of mostly technicians.

We also draw the committee's attention to the fact that many Air National Guard units still have a preponderance of technicians. Those units have participated in joint training exercises with the regular Air Force and have excelled. Now ask yourselves the same questions that technicians have been asking for years. After all, if units with so many technicians, can do so well against the regular Air Force, who needs AGR's? How are AGR's supposed to improve on the status of those units?

More than joint training exercises, there is hardly a day when Air National Guard planes are not on flight missions within and/or outside the continental United States. It is an exemplary record. The men and women of the Air National Guard have every right to take pride in their achievement. But, it would be ludicrous to say that this very fine record was brought about because of the AGR program, or that it played a major role in establishing it. This is due to the fact that there are many technicians still found in Air National Guard units. We ask the committee to remember how new the AGR program is in relation to the Civilian Technician program. Now think of all those technicians who have worked on aircraft for a longer period of time than the entire life-span of the AGR program. It is axiomatic that there is no substitute for experience. Therefore, it is just common-sense reasoning which is needed to come to the conclusion that only technician have the deep quality of skills needed to do all the complex jobs required to keep modern aircraft ready for missions. It is not that AGR's have done nothing. All we ask of the committee, is to recognize that the true strength and backbone of the Air National Guard still comes from its civilian technicians. Adding AGR's was only of dubious and marginal value.

It is not our contention that AGR's do nothing or are worthless. We just want the committee to realize that there is neither a pressing need for them, or that the improved level of readiness in various units is not due to inherent factors in the AGR program. Let us give you just one example of what we mean. It will further illustrate the questionable value of the program and help bring into focus the deception that is sometimes used when the need for AGR's is loudly proclaimed.

Since the very start of the Civilian Technician program, only one technician was employed in many Army National Guard units. That one individual was responsible for administration, supply, and training. When the AGR program started, there was an infusion into those units that was never permitted in the Civilian Technician program. We now have situations where there are four AGR's working in those same units! One specializes in training, one in administration, one in weapons, and one in supply. By the mere expediency of tripling the work force, the status of many units has improved. There is neither magic nor originality in that technique. It would have been amazing if things had not improved.

More work is being done and in a more timely manner, because there are now more people available to handle the rising tide of work that is needed to keep the Army National Guard at a resonable level of combat readiness.

It is almost an embarassment to hear managers of the AGR program try and justify it on the basis of raw numbers alone. It may be the only valid contribution of the AGR program. But, it may be even a greater embarassment to hear AGR program managers try and deal with the concept that the improvements could just as well have been accomplished by hiring more technicians. They have no honest answers.

It is a travesty of logic and a deception of the worst kind, when it is said that AGR's were needed for the improvements. They simply represent additional hands to do the work. What is most significant, is that those hands only do work that was always done by civilian technicians.

It is now important that we examine how the AGR's of both the Air and Army National Guard learned their day-to-day duties. This will further tarnish the image of the AGR program and demonstrate the extent it has gone to in order to gain the skills and knowledge without which they could not function. To an extreme degree, those skills and knowledge were provided by the Civilian Technician program.

At the inception, the AGR program was comprised of technicians alone. They were those who elected to convert to AGR status. There was no need to train them, for their jobs as AGR's were no different than their jobs had been as technicians. Some of those converted technicians still exist. But, what of all the new and inexperienced personnel off the street to fill the ranks of the AGR program? How were they going to be trained? Who was going to train them? Arrangements were made to send them to various schools. However, in the vast majority of cases, they did not attend those schools until many months after they were hired. In some cases, it was more than a year's delay.

Obviously, the only people available to give AGR's their initial training were technicians. Who else was available? The converted technicians were still few in number. Consequently, it became an almost standard practice for technicains to take new AGR's in-hand, and teach them their day-to-day duties.

This practice continues to this very day. Without technicians, the task of training over 40,000 AGR's would be impossible. Who else knows what has to be done? If any attempt is made to say that formal schooling did this training, it will just be another example of the false and deceptive statements frequently advanced to cover the weaknesses of the AGR program. We have already made reference to the fact that there is no substitute for experience. Formal schooling cannot match working on the job for many years. No school honestly maintains that. Is there any true alternative to working side-by-side with someone who has written a thousand letters, or who has repaired countless aircraft engines? By virtue of its newness, the AGR program could not compare with the experience found in the Civilian Technician program.

How galling it is to hear the proponents of the AGR program laud the skills and achievments of AGR's. Meanwhile, technicians are either damned with faint praise or ignored. The truth of the matter is that the AGR program would be more of an empty shell than it is, if it were not for the availability of technicians. At this point, we ask you to think back to the original standards of the program. Of how it was going to provide skilled and experienced personnel with a wide variety of military capabilities. Does anyone doubt that technicians cringe when they hear statements of that sort?

Consider the viewpoint of technicians who hear that it is AGR's who will replace them; or when they hear that it is the AGR program which is needed to meet the challenges of the future; or when they hear of AGR skills, and AGR's would be a departure from the past. Instead, what they see and experience is a group of employees who are just a reflection of the Civilian Technician

Program. Of personnel who turned to them and asked to be trained; of personnel, who have contributed nothing new or different; of large numbers of personnel who are not mobilization assets. Yet, they hear the AGR program heaped with praise and proclaimed a success. We assure the committee, that the use of "sham", "fraud", "deception"., and "waste: are accurate and justified, when describing the AGR program.

It is a matter of simple logic that two groups of workers, doing the same work, will achieve the same results. How much intrinsic value can the AGR program possibly have? There was never any real need to graft the program unto the Reserve Components. Anything that had to be done, could have been done by simply hiring more technicians.

We would now like to turn your attention to the other definition of value which applies to the AGR program. Namely, the very high cost and financial burden it places on all of us.

AGR's are paid according to their military rank and longevity. This, despite the fact that they are not truly members of the regular armed forces. They reside in a gray world, between that of members of the armed forces and civilian technicians. That is to say, that they receive the pay and benefits of the former, while doing the work of the latter. In addition, they are not subject to the Uniform Code of Military Justice that applies to members of the regular armed forces, nor can they be transferred outside the limits of their home state. In fact, they work under the same conditions as laid down for technicians, and work the same work schedule. Consequently, AGR's never endure the hardships one usually associates with the life of a soldier or airman For example, there are no rotations of duty from post-to-post; nor overseas tours of duty; or irregular duty hours; or long separations from ones family; etc.

We emphasize these issues, because of two reasons. First of all, we have encountered a rising criticism from members of the regular armed forces about AGR's. They want to know why AGR's get the same compensations they get, and at the same time, live such a different life. We regard the criticism as well-founded. So, we ask the committee to keep all of this in mind, when it hears what pay and benefits are given to AGR's, and whether or not the government is getting a proper return. Congress recognized the problem early-on. During hearings in 1982, then Chairman of the House Defense Appropriations Subcommittee, Rep. Joseph Addabbo stated: "The AGR program could affect Army morale since the benefit program is superior to the regular army. " In April of 1984 the following exchange took place between Rep. John P. Murtha and Lawrence J. Korb, Assistant Secretary of Defense:

Murtha: "We received information from the National Guard Bureau that shows that for functions involving AGRs and comparable General Schedule military technicians, the AGRs are always compensated more." "Would you agree that AGR personnel who, generally. will live and work in their community or state for their whole career, are not subject to the hardships of personnel serving in the active forces?"

Korb: "Normally that is the case, yes."

Murtha: "Now, why should we pay these personnel at the same level of compensation as the active forces counterparts when they are not expected to undergo the same hardships?"

Korb: "Well, a couple of things. First of all, we do have a total force and I think if you had a separate compensation system for military people in the guard and reserve that would be inconsistent with total force policy as well as existing law, which prohibits discrimination."

Murtha: "But don't you do this with civilian Technicians?"

Under the previous income tax law, AGR's received tax free payments amounting to 20% to 40% of their pay. This was due to the BAQ, BAS and VHA they receive. The difference in percentage depends on the rank and longevity. However, civilian technicians get no tax free payments. This, despite the fact that they all do the same work. Why are AGR's worth this very handsome tax break? It is tantamount to a gift. Once again, consider a technician's viewpoint under this circumstance. Also, consider for example, AGR's get free medical care and unlimited sick leave. It is the government which pays and provides. We need not tell the committee of the current high cost of medical care and how many people would like to have free medical insurance, along with all the time necessary to recover from an illness, and at the same time, not be charged for it. The cost of the medical insurance can be estimated very closely. It reaches into the millions. But, the man-hours lost between one group who has unlimited sick leave privileges and another, who must accrue sick leave, is more subtle. However, it is apparent to anyone who knows anything about the cost factors of employes, that an unlimited sick leave policy is far more costly. Again, the AGR's prove to be the more costly group. Now add to this a generous annual leave policy, granted to them each and every year. It takes many years for a technician to reach the maximum level of 26 days annual leave a year. AGR personnel receive 30 days from the very start. This type of unearned leave policy is very expensive, when put side-by-side with the one that applies to technicians. In testimony presented in 1984 before the House Defense Appropriations Subcommittee the then Director of the Army Guard, Major General Herbert Temple discussed medical costs as follows:

> "In the fiscal year 1985 budget there is an increase of $1,939,000 in medical care costs to support the increase in full-time military members. This support provides for medical care in non-federal facilities. The ARNG trys to have AGR personnel go to federal

> medical facilities, however, in some remote locations there are none. The medical care includes physical examinations."

On top of all of this, there are a whole array of compensations given to AGR's which are denied to the technicians. The following are just a sample. Bonus payments, Survivor Benefit Plan, free legal counseling, state and local tax advantages. It goes on in a monotonous vein. We will not go any further with this topic, enough is enough. It should be abundantly clear that AGR's are very costly government employees.

Let us take a step backward and take a dispassionate view of the AGR program. What do we see? We see a government program that has not and cannot live up to its promise. We see a program that has been poorly managed. We see a program perform duties that are just an imitation of duties that are being performed by others. We see a program that treats its members as if they were members of the armed forces, when they are not. We see a program that had to draw sustenance in matters of skill and knowledge from the Civilian Technician program, and then claim them as their own. We see a program that has brought nothing new or different to the Reserve Components. We see a program whose limitations in the maintenance area make it less valuable than the Civilian Technician program. We see a program whose level of skill will take many years to match the level currently enjoyed by the Civilian Technician program. We see a program whose true contribution to improving the Reserve Commponents was the addition of personnel and nothing else.

All-in-all, it is an unsatisfying and disturbing display. Most shocking of all, is the realization that in a time of economic strife, we see a government continue to support a failed program. One that is extremely expensive and gives very little in return for all the money it costs.

In 1985 the General Accounting Office said an all civilian technician force would be less costly than all AGR force in its

June 1985 study titled "Problems in Implementing the Army's Reserve Components Full-Time Manning Program". In November of the same year the Congressional Budget Office, in a report titled "Improving the Army Reserves", said the annual costs for AGRs would rise by over $1.5 billion between 1986 and 1990. It said the average play rate for AGR personnel was estimated to be $42,000. Yet, the program continues to grow.

Senator John Glenn, during debate on Defense Authorization for FY-88 & 89 said: "I am concerned about the larger issue of the very sizeable number of personnel we have in our Reserve forces full-time manning program, and the extraordinary growth of this program in the short 7 years of its existence, To my way of thinking this full-time manning program has never been adequately justified, expecially not as the huge program it has become. " Yet, the AGR program continues to grow.

In 1988 the GAO still found management and morale problems due to two full-time support programs - civilian technician and AGR - performing similar duties with different personnel procedures and different pay and benefits. This was reported in a Novemeber 1988 report titled "Opportunities to Improve National Guard and Reserve Policies and Programs." Yet, the AGR program continues to grow.

Years after its origin the AGR program is still plagued with mismanagement. Many individuals are using it for personal gain - unqualified AGRs are being assigned - technician positions are still being converted through the transfer process. Yet, the AGR program continues to grown.

It is our estimate that if an equal number of technicians had been hired to take the place of AGR's, the government would now be saving about $600,000,000 a year. In no way would this substitution endanger or degrade the effectiveness of the Reserve Components. Civilian Technicians, who taught AGR's what to do, would and could do everything currently being done by AGR's. Furthermore, they would do each and every task to the highest possible standard, which is something they have always done. Many years ago in 1967, General Winston P. Wilson, then Chief of the National Guard Bureau, told the Senate Armed Services Committee: "I hardly need to tell this committee that the splendid showing of National Guard in its mobilization for service in Korea and Berlin was due in large measure to the competence of its full-time technicians."

No additional AGR's should be authorized, nor should there be any additional funding for the AGR program. It is the Civilian Technician program which should be encouraged and permitted to grow.

RECOMMENDATIONS

1. No additional funds should be provided for AGR growth.
2. Phase out the AGR program through attrition. All full-time support position should become technician positons controlled by OPM Job Grading Standards. Allow AGR's the option of applying for deployable technician positions. (By law, all technicians must work, train and deploy with their units).
3. Conduct extensive hearings on the full-time support program in the National Guard and Reserves. Investigative teams should be dispatched into the various units.
4. Incorporate the following language into the Defense Appropriations Bill:

" None of the funds appropriated by this act shall be available to convert a position in support of the Army Reserve, Air Force Reserve, Army National Guard and Air National Guard occupied by, or programmed to be occupied by, a civilian technician to a position to be held by a person in an Active Guard or Reserve status if that conversion would reduce the total number of positions occupied by, or programmed to be occupied by, civilian technicians of the troop program unit or squadron unit concerned, below the number of positions occupied by civilian technicians in those units as of the end of FY-88."

Mr. Chairman, as President of the Association of Civilian Technicians, it has been brought to may attention that many problems exist since the implementation of the Army National Guard Military Education Program (MEP), and the Professional Development Program (PDP) as it applies to Civilian Technicians.

*The National Guard Bureau instituted a Military Education Program (MEP) that applied only to civilian technicians employed by the National Guard. That discriminatory program required technicians to attend active component military schools to qualify for military promotions in the National Guard. The requirement was not placed upon other Guardsmen who continued to be qualified for promotion by attending state schools.

*The General Accounting Office investigated "MEP" and found it to be more expensive than state schools, that the training could be accomplished just as well at state schools, and that there was a financial burden on technicians.

*Congress recognized the "MEP" problem and ordered a one-year phase-out of the program in the FY-90 Defense Authorization Bill.

*NGB then issued a new policy titled Professional Development (PDP). It is a form of the old "MEP" and is still discriminatory as it only applies to National Guard civilain technicians.

*"PDP" does provide for training at state schools. But, if the required training is not available the technician can elect to take a skill qualification test (SQT) and if scoring 60 or better be considered qualified for promotion - except that he/she must attend battle skills training at Camp Robinson in Little Rock, Ark.

*Battle skills is a requirement regardless of military occupational specialty (MOS) - is already covered in a soldier's common training task - and is not needed by combat veteran technicians.

*Phase II training and SQT testing material is not available in many states. This forces technicians to attend active component schools to qualify for promotion.

*Technicians are denied promotion - and many have been demoted militarily - due to the discriminatory MEP/PDP requirement. Only technicians - 10% of the Guard strength - are subjected to MEP/PDP. The other Guardsmen (90%) are not.

*Technicians are required by law to hold compatible positions in the National Guard and to maintain qualification and promotion criteria to retain their technician positions. The more impossible NGB makes it for technicians to compete militarily with "M-Day" Guardsmen, the more difficult it becomes for them to continue federal employment.

*The Military Education (MEP) has not been phased out as Congress instructed. It has been altered and renamed Professional Development Program (PDP).

Last year many congressional offices joined in writing to the Chief of the National Guard Bureau to request the agency to address the adverse effect MEP had on the Army National Guard Technicians. The response received did not ackowledge the negative effect the program had on the Civilian Technician workforce and offered no solution to the problem.

On March 25, 1987, Rep Dymally of California and Rep. Moakley of Mass. introduced legislation (HR 1808) to suspend the military education program for 2 years pending the receipt of a report by the appropriate congressional committee on the effects of this program on readiness and benefits for Civilian Technicians.

On May 18, 1987 Mr. Dymally offered an amendment to the FY 1988 DOD authorization bill which among other things required a report from the General Accounting Office to be submitted to the Committee of Armed Services of the Senate and House of Represent atives relative to the Military Education Program. The report was to be provided no later than February 15, 1988.

It is my understnding that the GAO MEP report is complete and in the hands of the Armed Services Committees. I believe the report finds the MEP to be extremely expensive and does not improve upon the training available to Guardsmen at state schools.

I respectfully request that the DOD/NGB be instructed by this Committee that no allocated training funds are to be utilized to support the MEP/PDP requirement.

This concludes my statement, I will be happy to answer any questions at this time.

STATEMENT OF THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

My name is John Sturdivant. I am the National President of the American Federation of Government Employees (AFGE), AFL-CIO. My union represents over 700,000 government workers nationwide, of which 300,000 work in the Department of Defense.

I thank you for the opportunity to testify on the FY 1990 Appropriations Bill for the Defense Department (DOD).

There are several important issues affecting our DOD employees which the Appropriations Committee will consider. I shall limit my statement to the following issues which we deem to be of greatest importance: contracting out, personnel levels and staffing cuts, the "Monroney Amendment," pay, and issues relating to civilian technicians.

Contracting Out

Before commenting on current issues related to contracting out in DoD, I would like to note that AFGE has previously testified that it believes the time has come for comprehensive legislation governing this government's contracting out for federal sector services. The Office of Management and Budget continues to utilize the existing legislative void to administer contracting out policies to the detriment of the nation's taxpayers, good government, and federal employees. Recent OMB actions to expand this program and to modify the rules governing contracting out clearly demonstrate that the Administration intends to worsen contracting out abuses.

While Congress and this Committee have in the past legislated restrictions on contracting out, these actions have not addressed the root of the problem, nor provided a cure. At the same time, they have provided important steps in recognizing the problem and temporarily ameliorating some of its adverse effects.

It is an absolute scandal that there are no effective budgetary controls on the size and cost of the contracted out workforce. We strongly urge that the Committee require DoD to place service contracting out on a line item basis with civilian payroll cost. After all, the cost of contracting out is just an alternative cost for human resources doing government work.

In reference to rapidly escalating contracting out costs, there are a number of sources to document these increases even though DoD and other agencies do not make an annual report to the Congress. (AFGE conservatively estimates that contracting out costs will be 45-50 billion dollars in FY '90, roughly comparable to the entire civilian payroll. Most of these costs are concentrated in DoD). Let me review a few of these cost increase cases that are available to the public, mostly from GAO reports. In the first case, GAO audited a service contract at Fort Eustis, Virginia. The dollar facts are that the original contract was let in 1983, for a four-year period at $28.0 million. Four years later, these contract costs had increased to $47 million -- a 70 percent increase over four years. At Kelly Air Force Base in Texas, GAO reported that costs for an equipment measurement laboratory contract jumped from $2 million to $4 million in two years. In the Army Southeast Region, a telephone service contract with RCA escalated 15 percent in the first year and negated the estimated savings for the entire five year period of the contract. Time after time, official reports document that contracting out costs are escalating at a rate of over 20 percent per year and that the purported savings -- based on "estimate to estimate" economics -- are not being realized when audited on an estimated cost to actual payment basis.

The cost information on Attachment 1 shows the estimated cost and actual payments for ten service contracts in the Department of Defense. This data is documented by GAO Report NSIAD-85-49, earlier GAO reports, and military service correspondence. As can be seen, the contractor bids for this work totaled just over $44 million, but the actual payments were $70 million: a 59 percent increase in actual cost. This type of data indicates that, as with hardware procurement, cost controls are not present in the A-76 process and, therefore, estimated savings are not forthcoming.

Adding to this information is an Army evaluation of their contracting out program. This report cites a number of deficiencies in the contracting out program, including findings that costs associated with contracting out are escalating rapidly and that savings reported for the A-76 program are highly suspect. Further, the report concludes that the Army contracting out program is inconsistent, inefficient, and floundering.

The basic point made here is that more and more data is surfacing that indicates that contracting out does not save money when faced with actual cost numbers as opposed to the usual "estimate to estimate" savings rhetoric.

Given these facts, we urge the Committee to restrict all A-76 studies until comprehensive legislation can be established to regulate contracting out.

Personnel Levels and Staffing Cuts

Defense experts have stressed the adverse effects of wide fluctuations in defense budgets. The "feast or famine" shifts do great harm to defense personnel as well. In 1980, Civilian Defense Personnel numbered 960,000. The level climbed by 125,000 during the next five years (to a total of 1,085,000 in 1985). The estimate for fiscal year 1990 is 1,017,312. This constitutes a reduction in personnel of 67,688 and further reductions are estimated for future years.

Congress is about to pass legislation which will effect the closing of 91 military bases, eliminating 8,000 civilian positions. As the base closure plan unfolds, it is imperative that this Committee be sensitive to the impact this will have on the careers and financial condition of individual employees. We need to remain aware of the need for funding of such cost items as severance pay, relocation assistance, retraining, and real estate economic adjustment.

I do not submit this testimony as an expert on weapons systems. I make no recommendations on which items of military hardware are necessary for our defense, and which are not. But I can speak with some authority on what makes sense in a personnel system, and the "boom and bust" funding for defense personnel does not serve anyone well.

In ord@r to be successful, our national security system must be able to attract and retain the highest quality personnel. Currently, national security personnel requirements are met by a combination of uniformed military, civilian federal employees, and private contract employees. Each group makes a crucial contribution; no one group is any more important than any other. Indeed, the three groups often work closely together, so that the "chain" protecting us can be said to be no stronger than its weakest link. The American people do not want a weak link: they have demonstrated repeatedly that they are willing to pay for the best in national security, and they deserve the best in national security. Yet the personnel policies which produce lower pay, reductions-in-force, and layoffs for civilian federal employees weaken their role unnecessarily.

To run a successful personnel system, attention must be paid to the financial reality employees face, as well as the overall sense that the system is fair. Neither of these issues has been dealt with in a satisfactory way as far as civilian federal employees are concerned. The result has been an exodus of many of the most highly skilled, and once-dedicated workers. At the same time, it has become increasingly difficult to recruit the employees the agency needs, and keep morale high for those who stay.

To propose, as the Bush administration has, to pay uniform military personnel a 3.6 percent raise, and allow whatever percent pay raise the market will bear for private contract workers, at the same time as civilian federal employees are offered only a 2 percent pay raise is unfair. It also runs counter to the goal of producing an effective and motivated civilian defense workforce. How can full-employment and larger pay increases be offered to two groups, while furloughs, layoffs, and reductions-in-force are offered to federal employees? Again, it is not only unfair, it is counterproductive.

It only makes sense that if the government is going to try to do more with less, the personnel who are charged with this task should be of the highest quality, have the highest morale, and the highest motivation to achieve this goal. To this end, AFGE urges the Committee to provide sufficient funding of the O & M accounts so that civilian and military pay are matched, and all furloughs and RIF's for DOD employees are avoided.

Monroney Amendment

Although this issue is not adequately addressed in the DOD Appropriations Bill, AFGE hopes that the members of this Committee will support the restoration of the Monroney Amendment.

The Monroney Amendment is a provision contained in Public Law 90-560, which was approved by Congress in 1968. It is named after its sponsor, Senator A.S. Mike Monroney of Oklahoma. The purpose of the Act was that special consideration was to be given to local areas with concentrations of federal blue collar employees in specialized industries.

It required federal agencies conducting wage surveys to "determine whether there exists in the local wage area a number of comparable positions in private industry sufficient to establish wage schedules and rates for principal types of positions for which the survey is made..." If federal agencies find that the number of comparable positions is insufficient, they must set wages on the basis of both local private sector rates and rates paid for comparable positions in the nearest wage area with similar employment and industrial characteristics.

Monroney Amendment prevailing wage determinations applied to all federal civilian employees through 1985. However, when Congress adopted the Department of Defense Authorization Bill for fiscal year 1986, a provision in that bill exempted DoD civilian employees from wage determination coverage. The DoD Authorization Bill permitted the Defense Department to establish wage schedules for its civilian personnel. As a consequence, DoD civilian employees' wages have been depressed below those of their civilian agency and private sector counterparts. In the House of Representatives, H.R. 4145, introduced by Albert G. Bustamante (D-Tex), would restore wage determinations for DoD civilian employees so they will not be a class apart from employees working for other federal agencies and we urge your support for legislation that restores the Monroney Amendment for Defense employees.

Alternative Personnel System

We would like to take this opportunity to register our opposition to the type of alternative personnel systems which have been proposed in earlier years in bills by Senator Jeff Bingamam (D-NM). We understand that Senator Bingamam plans to introduce similar legislation this year. If it retains the essence of earlier proposals, the plan entails carving out some 300,000 employees in DoD acquisition and logistics for a new pay and personnel system which would allow for higher pay and establish a "pay for performance" pay system.

We recognize the compensation problems faced by the employees addressed in these bills and we appreciate the motives of Senator Bingaman and any cosponsors of this legislation in addressing these problems. However, we have two basic and fundamental disagreements with these types of personnel systems which lead us to oppose this legislation.

The whole federal compensation is badly out of balance because of the artificial caps and manipulations that have occurred over the last ten years. While this Committee must concern itself with defense appropriations, we want to point out that the entire federal pay system is in a terrible state of disarray. The Senate Governmental Affairs Committee and the House Post Office and Civil Service Committee are currently beginning review of the entire compensation system. We look forward to working with those Committees to rebuild a pay system that once again achieves comparability with the private sector and serves the need of all government agencies.

If the Congress follows the path of trying to patch up every area of compensation as each area reaches a crisis stage, we will end up with a hodge-podge of hundreds of separate pay and personnel systems with no overall coherence. Such a gerrymandered pay system would be a nightmare to administer. Mobility between federal agencies would be restricted. Popular agencies would end up with more generous pay systems than less popular agencies. The principle of equal pay for equal work would be undermined.

We also have grave reservations over the content of the alternative pay system based as it is on performance evaluations, pay-for-performance, bonuses, and performance awards.

Merit pay in the federal sector has not been a success. Surveys of federal executives and managers continually show wide dissatisfaction with the merit pay system. For example:

o A survey by the Federal Managers' Association last year showed 50% of the respondents said that they had seen evidence of forced distributions and 44% had seen ratings changed.

o An August 1987 GAO Report (GAO 1GGD-87-106FS) on Senior Executives who had left government service showed that 41% of them cited unfair distributions of bonuses as a great or very great reason for their leaving.

o The recent survey by the Federal Executive Institute found that 66% of the Institute's alumni believed that the merit pay system was not based on true merit and 68% said that it wasn't worth the time or energy involved.

o The December 1987 report by the Merit System Protection Board on its survey of managers showed that only 45.4% believed that better performance was likely to lead to more pay.

o The January 1987 report by the GAO on pay for performance for managers stated that 52% of the managers indicated that performance awards did not motivate them to perform better.

Our members continually heap abuse on the performance evaluation system complaining of irrelevant standards, forced distributions, and management bias.

This proposal is a recipe for disaster. Compensation decisions inevitably will be tainted with the perception, if not the reality, of bias, favoritism, discrimination, and cronyism.

We urge the Committee to oppose this proposal.

Civilian Technicians

I would like to speak for a moment about the problems faced by civilian technicians in the National Guard and the Army Reserve. Despite these years of increased budget restraint, military managers continue to increase appropriations for the more costly, less efficient active duty guard and reserve soldiers (AGR's). We urge this Committee to decrease funding for the AGR program and to increase funding for the more economically efficient civilian technician.

The latest proposal of the Reserves is a scaled down "test centers" concept. This would remove civilians from individual Reserve units and place them in omnibus Reserve components based upon the functions they perform. This is not the sort of experiment we would entrust to a management that has repeatedly failed to demonstrate their competence. In our previous testimony before this and other committees of the Congress, we have repeatedly pointed out surveys, audits, and investigations that demonstrate civilians as technicians most efficiently supply the full-time support for the Armed Services.

The Federal Labor Relations Authority has described the status of National Guard Technicians as employees who are employed in full-time civilian positions to administer and train the National Guards and to maintain and repair the supplies issued to the National Guard or the Armed Forces. But, as civilian employees, they enjoy none of the job protections of their civilian counterparts elsewhere. They must maintain dual status as civilians and as soldiers in their units. They must pass through a retention process on their part-time military side that is too often arbitrary in nature. They have no right to appeal this "military" decision regardless of how egregious this action is. Some of the civilians who have been actively seeking improved labor management relations through union activity have been rejected by the military as unfit Reservists. This leaves the impression, if not the reality, of anti-union animus. These continuing difficulties in managing civilian employees have resulted in a number of situations that are demoralizing and counterproductive.

The history of the citizen/soldier in this country is a long and honored one. Indeed, our military operates on the premise that it must be kept under, and be subordinate to, the civil authorities. Yet, in the case of the civilian technicians, the situation has, over the years, become one of creeping militarization of our civilian workforce. We believe there is an inherent danger in this subtle military encroachment. The situation involving the civilian technicians is one where the military is no longer existing for the purpose of protecting the rights of civilians; but, in fact, they are taking away the technicians' rights as civilians.

A prime example is the military forcing civilian technicians to wear their reservist uniforms during their civilian work hours; but, these civilians wearing a military uniform are not allowed any of the privileges of a soldier. They cannot use commissaries, PX's, or health facilities. They do not receive free dental coverage or subsidized housing. We urge the Committee to include language in this appropriation terminating the practice of requiring full-time civilian employees to wear their weekend uniforms while performing civilian duties.

One additional problem that needs the Committee's consideration is the need for appeal rights. Currently, the National Guard's civilian technicians can only appeal adverse actions to the Adjutant Generals (AG) -- a state-by-state political appointee. Employees in any workforce should be able to appeal adverse actions to an independent arbitrator without fear of political bias. That is why the Merit Systems Protection Board exists. Some say that the nature of the work would require "special understanding." We would not oppose the establishment of a separate board of appeals, similar in structure to that used by the State Department employees. At least the civilians would have some hope for a neutral and impartial judgement on the merits of their cases.

I will summarize our request to the Committee as follows:

1. Reduce the number of AGR positions;

2. Eliminate the uniform requirement for civilian technicians;

3. Grant appeal rights to the employees that face adverse actions; and

4. Oppose the setting up of experimental "test centers" in the Reserves.

Finally, Mr. Chairman, we would ask the Committee to encourage and support the growth of civilian technicians as they have proven to be the most efficient and economical component of our military readiness capability. Thank you very much for your time and consideration.

CONTRACTING OUT COST OVERRUNS

AGENCY	LOCATION	CONTRACTOR BID	ACTUAL PAYMENT	$ COST OVERRUN	% COST OVERRUN
Army	Warren, MI	$ 6.9M	$10.9M	$ 4.0M	57%
Army	Southeast Region (AL and GA)	$13.2M	$19.3M	$ 6.1M	46%
Army	Ft. Dix, NJ	$ 2.2M	$ 3.7M	$ 1.5M	68%
Army	St. Louis, MO	$ 6.7M	$ 8.7M	$ 2.0M	30%
Army	Sharpe Depot, CA	$ 4.2M	$ 7.0M	$ 2.8M	67%
Army	Tobyhanna Depot, PA	$ .8M	$ 1.2M	$ .4M	50%
Navy (Marines)	Beaufort, SC	$ .9M	$ 1.5M	$ .6M	67%
Air Force	Kelly AFB, TX	$ 2.1M	$ 4.1M	$ 2.0M	95%
Air Force	Warner-Robins, GA	$ 2.4M	$ 4.2M	$ 1.8M	75%
Air Force	Richards-Gebaur AFB, MO	$ 4.8M	$ 9.8M	$ 5.0M	104%
TOTALS		$44.2M	$70.4M	$26.2M	59%

ATTACHMENT 1

Source - GAO Reports and Military Service Correspondence

STATEMENT OF THE AMERICAN PSYCHOLOGICAL ASSOCIATION

Summary of Recommendations

Changes in appropriations can reduce the chances of human error and build a better military. In consideration of the military appropriations legislation, the American Psychological Association recommends that this Subcommittee:

1. Specify that 10% of the basic research funds (less than one-half of a percent of the DOD training budget) be used for human behavioral factors research because it can provide the basis to save lives, improve military effectiveness and reduce costs.
2. Require the research agencies to report the amount of the research carried out on humans and the class of issues that are being addressed.
3. Increase 6.1 (Basic Research) funding to four percent of the DOD budget, its level of funding ten years ago.
4. Encourage the incorporation of human factor considerations in the procurement of equipment and the development of training programs.
5. Provide long-term and consistent funding of basic research so agency managers can develop programs of research to address fundamental issues regarding the human factor.

Mr. Chairman and Members of the Committee, I am Dr. Walter Schneider, Senior Scientist and Professor of Psychology at the University of Pittsburgh. I am testifying on behalf of the American Psychological Association (APA) which represents the concerns of 90,000 psychologists, many of whom conduct behavioral research on military issues.

The field of psychology has a long involvement with the military. On April 6, 1917, as the United States entered World I, a group of psychologists convened at Harvard to discuss how psychology could contribute to the war effort. The meeting came out of the creation of the National Research Council (NRC) by the National Academy of Sciences in 1916 to organize scientific support for the impending war effort. As a result, the Committee on Psychology was formed. The efforts of this Committee led, among other things, to the psychological screening of over 4,000 recruits at four Army and Navy Camps. By 1919 more than 1,726,966 inductees had been administered newly developed intelligence tests.

Since this early effort psychology has become more deeply entrenched in supporting the efforts of the military, with research psychologists expanding into new and diverse areas. Behavioral/psychological research can contribute significantly toward improving military readiness and performance in combat situations. Gains in these areas already have been achieved through psychological research on: testing/screening; training; simulation devices; human factors engineering; auditory classification; visual perception; studies of motor function; decision making; group and organizational behavior; and neuroscience. I myself study attention and skill acquisition in such complex military tasks as air traffic control.

The strength of our military is largely determined by the skill, training, and appropriate use of its greatest resource — people. Behavioral science involves the objective study of human performance through observation, experimentation, and modeling of human behavior. In every weapon system it is the soldier who maintains the system, performs the final data analysis, and launches the weapon. The military has supported the study of materials to ascertain how to temper and shape metals and determine their limits under stress. Yet, much more serious risk of loss of life and effectiveness comes from inadequate training. A twenty year old pilot must comprehend multiple computer screens while controlling a multi-million dollar aircraft and an error of one second can cause death.

It is vital that we study how to train and organize humans to perform in complex and stressful situations. Military personal are dedicated, intelligent, hard working individuals. These men and women deserve a commitment to understanding human performance and learning. Our country's military benefits from knowing how humans perceive scenes, how to train individuals to develop high performance skills, how to maintain those skills, and how to obtain high performance levels without increasing the chances of catastrophic human failures.

There is a critical need to study the human factor in the military context.

The military must train more people in less time to perform more complex tasks than ever before. The Air Force Training command is the largest education and training system in the free world. It trains 425,000 students in 6,300 courses in 350 career fields. It takes at a minimum an investment of four years to train an expert technician -- and then their tour of duty ends.

The military must take the lead on funding the study of skilled performance of active normal individuals performing demanding jobs. The responsibility for basic research on human skilled performance rests with the Department of Defense. Military funding has made important contributions in the study of human factors, but real funding levels are declining just as the need for this work in becoming more apparent.

Tragically, the military catastrophes of the last decade have been the result of human error. In the Vincennes incident, the lack of training in decision making under conditions of uncertainty, combined with a limited appreciation of the limits of human decision making under stress, produced a predictable and tragic decision resulting in the death of all 290 passengers onboard an Iranian Airbus. In Desert One in Iran, problems with maintenance and training combined with bad weather to set the stage for serious errors, a failed mission, and loss of life. In the last year we lost more serviceman to training problems than to military action and terrorism combined.

The cost effectiveness of the military is heavily dependent on the human factor. It has been estimated that maintenance costs consume 25-30% of the military budget (Nawrocki, 1981). Maintenance costs represent 90% of the life cycle costs of electronic gear (Christensen & Howard, 1981), and field studies have indicated that 70% of the Army electronic equipment was inoperative at the time these studies were conducted (Feineman, 1978). Similarly, after spending $15 billion dollars funding an aircraft carrier battle group, it is cause for concern when the Admiral reports that the effectiveness of the group is compromised by a lack of training by controllers. Likewise, funding that finances a warehouse full of equipment that cannot be fielded or used effectively is clearly not a wise investment of taxpayer funds. At any one time there are nearly one quarter million maintenance technicians in the armed forces -- approximately 25% of them are new. Effectively training these personnel is of vital importance to the military.

The demographic trends of the future require that we maximize the skill and abilities of new recruits and existing personnel in the military. By the year 2000, the number of 18-to-24 year-olds will drop 19% relative to 1980 levels. There will be fewer top quality people available to recruit. We must invest in studies to determine how to quickly train these people to perform highly demanding jobs. Further, the age of military personnel will be increasing. We study how commercial airplanes age; not studying how human cognitive processing changes with age is clearly shortsighted.

Funding levels for Behavioral Research are Disproportionately Low.

Forty seven percent of the defense budget is related to personnel, yet only three percent of the basic research funds are devoted to understanding and improving the human factor (see Exhibit 1). We spend 20 billion on training yet we spend less than one tenth of one percent of that amount on basic research related to training and human performance. In fact, we spend less on basic research on human factors than is lost in a single aircraft accident. An investment increase to life science research of 10% of the total basic research budget seems modest when considering that personnel costs consume nearly half of the entire military budget.

Despite its vital importance, compared with other military sciences, funding for behavioral research is very low and this situation is getting worse. Exhibit 2 shows the distribution of research funds across the major basic research agencies. Behavioral research has been increasing in the Air Force in recent years but decreasing in the Navy and Army. In the Army, only 6 of the 47 (13%) qualified proposals for human basic research were funded. The Army Research Institute had only $328,000 dollars for new starts to study behavioral issues this year. In contrast, the Army spent sixteen times more money (5.2 million) on new starts for basic research on the study of materials, funding 85% of the qualified proposals. Since the human factor is the major factor limiting defense performance, it should be a major factor in basic research.

Scientific Study of the Human Factor

The scientific study of human behavior identifies relationships that can be used to reduce training costs and to yield better performance. Basic research in psychology investigates what humans perceive in a scene, how attention is allocated, how decisions are made, how people learn, how groups communicate, what motivates individuals to succeed, and why individuals differ. This research develops laws that predict performance. Mathematical functions (i.e. Power Law, see Newell & Rosenbloom, 1981) can be used to accurately predict how people improve with practice. This allows one to determine how much training is needed for reliable performance. For example, findings from psychological studies of eye movements and map reading could have predicted that the single person design of the LHX helicopter was beyond the operational limits of the human operator.

Results from cognitive psychology can also be applied to train to seemingly impossible human performance levels. Researchers (Ericcson, Chase, and Faloon, 1980, ONR sponsored research) have improved individuals' short term memory capacities from 8 digits to 80 digits. Think of somebody reading you an 80 digit phone number and then you going to the phone and dialing it without error. It can be done. In my research I have trained individuals to speed up decision making by a factor of 100, to process information well under a high workload, and to perform reliably even under the influence of drugs. These results from studying cognitive psychology are very encouraging because they show that given motivated individuals and a properly designed training program we can produce high levels -- almost super human levels -- of performance.

Studying the human factor allows more effective allocation of training resources. How should we use textbooks, lectures, desktop simulators, high performance simulators, and flight time to develop pilots? For example, some of a pilot's skills can be taught as effectively using a cardboard mock up of the cockpit as in an expensive high performance simulator (see Caro, 1988, Prophet & Boyd, 1970). Understanding the tradeoffs and transfer for different training systems is very important for costs and safety considerations. There is a tendency in procurement to buy the highest fidelity simulators at the cost of severely reduced training time. The result is often that pilots get only a few practice trials performing critical maneuvers in simulators. Ask yourself, how good are you at performing a new function on a word processor (e.g., how to underline some text) after only three trials? Would you feel comfortable with only three trials performing a critical task if your life depended on it? We know that increasing the number of training trials has a large impact, whereas adding the color and physical motion of the cockpit do not. Hence for many tasks having multiple lower cost simulators may be preferable to fewer high fidelity simulators. Basic research provides the principles that can decide these questions.

Here are some examples of applying results from basic psychological research. In training Air Force electronics technicians, Air Force evaluation tests found that 25-30 hours of training with a simulator was equivalent to four years of on the job training. This simulator (Lesgold, Lajoie, Bunzo, & Eggan, 1988) was based on basic research sponsored by the Office of Naval Research and the Air Force.

We can avert disasters applying the methods and results of behavioral science. Human processing of radar screens has been studied to understand how controllers move their eyes and how rapidly the information they look at is forgotten. A model of human performance in this task predicts how many aircraft can be controlled before serious human errors occur (Moray, Neil & Brophy, 1983). This model allows evaluation of new radars and estimation of manning levels as a function of workload. It also can be used to inform commanders of when the human factor will begin to break down.

Applying basic behavioral research to the military can save lives. Low altitude flight in jets and helicopters is the greatest cause of fatalities in training. At one hundred feet above the ground at 500 miles per hour, a pilot is likely to crash if he looks at his instruments to see what to do. On a turn, the pilot has only three quarters of a second to make a decision (Haber, 1987). The pilot's life depends on his ability to estimate altitude based on the visual scene. Models of attention and perception show how those estimates vary as a function of the texture of the visual scene. If the pilot flies over a lake bed, he has to pull up becaues he can no longer visually estimate the altitude. By applying basic attention and perception research, a psychologist redesigned the low altitude flight curriculum for the Arizona National Guard. He taught instructors what students should look for, how to make critical responses automatic, and how to sequence training to build flight skills. The instructors now apply the psychology of human performance in training low altitude flight. The results have been so successful that the approach is now used throughout the US Air Force.

We owe it to our service personnel, our sons and daughters, to study the human factor.

Human error does not begin or end with the soldier that is stressed beyond his or her cognitive limits due to poor design or training. The second-class petty officers on the Vincennes that misread their computer screens share little of the blame, though they must live with most of the guilt of the downing of an Iranian commercial jet. The human error begins when we choose what not to investigate, what not to find out. For over a thousand years well meaning, intelligent doctors, used blood-letting in the false belief that it aided their patients. Only after survival rates were objectively studied was the practice changed. The choice not to fund the study of the human factor, not to exploit the research opportunities that exist, not to understand the limits and potential of the human factor — that is the beginning of the human error. In this case, what we don't know, does hurt us.

Recommendations

Changes in appropriations can reduce the chances of human error and build a better military. In consideration of the military appropriations legislation, the American Psychological Association recommends that this Subcommittee:

1. Specify that 10% of the basic research funds (less than one-half of a percent of the DOD training budget) be used for human behavioral factors research because it can provide the basis to save lives, improve military effectiveness and reduce costs.

2. Require the research agencies to report the amount of the research carried out on humans and the class of issues that are being addressed.

3. Increase 6.1 (Basic Research) funding to four percent of the DOD budget, its level of funding ten years ago.

4. Encourage the incorporation of human factor considerations in the procurement of equipment and the development of training programs.

5. Provide long-term and consistent funding of basic research so agency managers can develop programs of research to address fundamental issues regarding the human factor.

Mr. Chairman, I thank you for this opportunity to testify on these issues and would be pleased to answer any questions that you may have.

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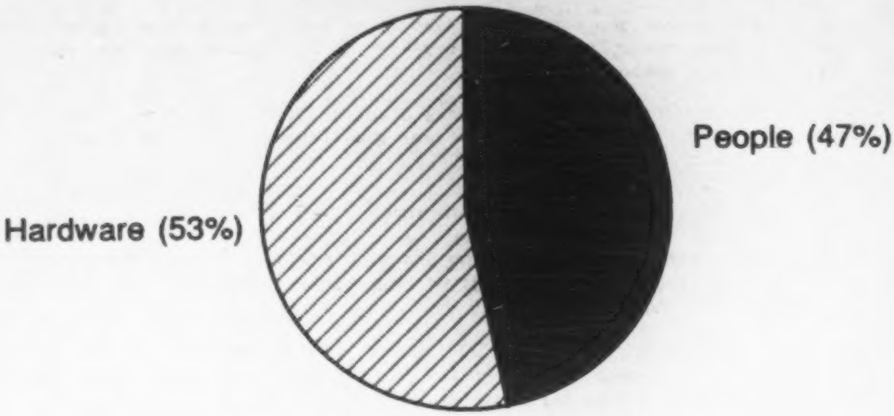
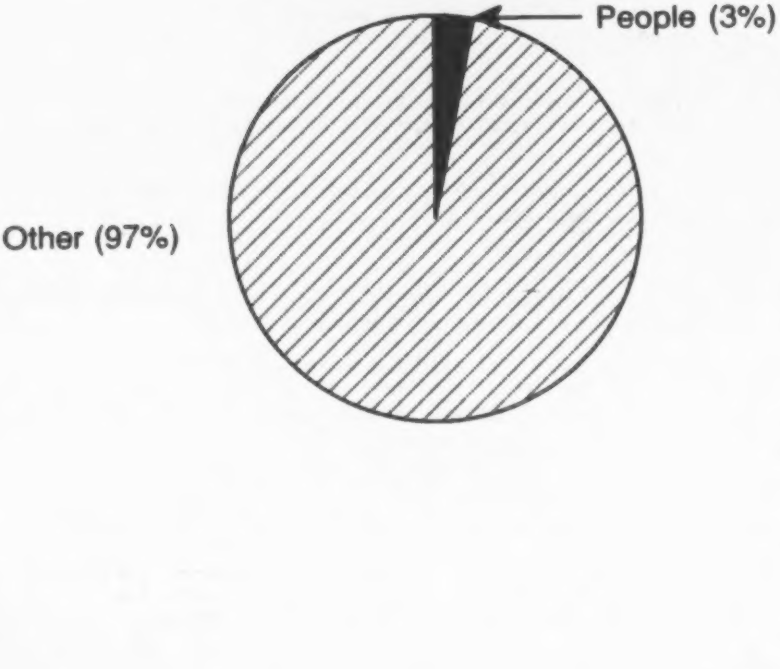
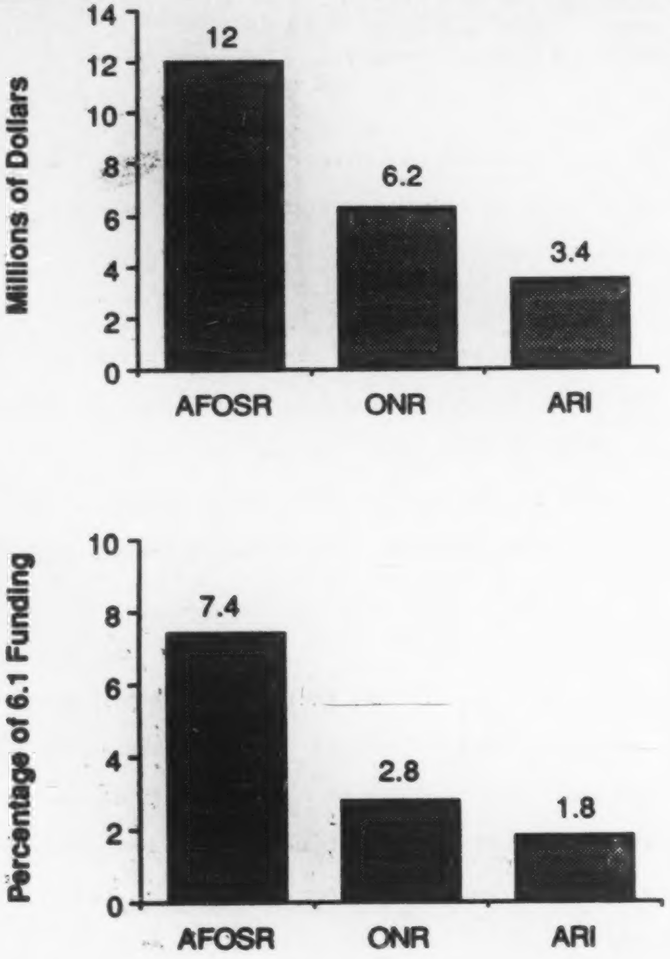


FY88 Major Budget Categories



Allocation of 6.1 Funds

Exhibit 2 - Estimated 6.1 Behavioral Research Funding



STATEMENT OF THE ASSOCIATION OF THE UNITED STATES ARMY

Mister Chairman and Members of the Subcommittee:

Thank you for this opportunity to present the views of the Association of the United States Army (AUSA) concerning manpower and personnel issues as they affect the Total Army.

AUSA is truly unique in that it is an association totally dedicated to one service, the Army: Its active and reserve components, retirees, Department of the Army civilians, dependents and civilians sharing a common interest in the Army. We are viewed as the preeminent educational, literary and scientific organization for disseminating professional knowledge about the Army.

These are crucial times for the Army because of budgetary limitations, potential personnel decreases brought about by conventional and strategic arms talks and the probability of reduced commitments worldwide. While these factors also affect procurement and research and development funding, they have important implications for the end strength and force structure of the Army.

The Army finds itself in an enviable position today. It has a quality force unequaled throughout its history. Furthermore, it is well trained, led and armed as never before. Empirical evidence abounds to back up this optimism --- indiscipline is down, readiness is up and our ability to react worldwide is without peer.

Yes, things are going well for the Army overall. However, there are specific issues within our Army that must be addressed if we are to continue to maintain our present position of strength.

For the past eight years the Army attempted to maintain a constant end strength in order to facilitate increased budgetary expenditures for procurement and research and development. Recently however, we have seen a reduction in the number of personnel in the Army, and concurrent with that decrease in strength has come a lessening of financial support for operations and maintenance, procurement and research and development. Furthermore, while the rest of the Department of Defense was seeing an increase in defense expenditures for the past five years the Army was experiencing negative growth. Continued end strength cuts without a diminution in missions serves to make the Army an unattractive career and hinders its recruiting and retention efforts. Can we expect to retain quality NCOs when the budget does not fully support our NCO requirements? The Army will be over 23,000 NCOs short by the end of FY-91 if the current budget submission is authorized. This is a real detractor for end strength maintenance and surely will be reflected in the near-term quality of the force.

We cannot over emphasize the importance of a quality force. As the Army grows smaller this factor becomes even more critical. It manifests its importance in training and readiness of the force. If the Army is to attract quality people it is paramount that the Army college fund be sustained and expanded to include non-combat arms specialties.

Quality of life must be a foremost consideration. Today's Army has more married personnel than ever before in its history. This means that family programs must be maintained if we are to retain soldiers and their families. A smaller Army with the same level of commitment means that permanent change of station moves will occur with greater frequency. Every time a soldier moves the cost in non-reimbursable expenses is staggering. In addition to taking its toll financially it exacts a psychological price in social readjustment from the sponsor and dependents of service personnel.

Part of the problem is exacerbated by lower than competitive earnings that haunt Army spouses. Because of frequent moves they are at an economic disadvantage when compared with their civilian counterparts. Ancillary to low wages is the cost of child care, and when factored into the equation the disadvantage of earnings is even greater. Child care facilities are filled beyond capacity at most installations, thereby causing many parents to drive a considerable distance to find adequate day-time care.

We are aware of the competition for declining fiscal resources. However, there is a desperate need for acquisition and repair of family housing units. This shortcoming is bound to reflect a decrease in morale as our Army families are unable to find decent government family housing or earn competitive pay which would allow them to acquire adequate housing off post. We cannot ignore the magnitude of this problem because it strikes at the heart of our recruiting and retention programs.

A corollary to the housing problem is the issue of dependents overseas. Our service personnel are upset by the constant threat to reduce the number of dependents in Europe and Korea. We do not support any attempt to reduce the number of dependents presently overseas and honestly believe that any policy decision to do so would be detrimental to retention. We must make every effort to sustain the family unit if we are to maintain the Volunteer Army.

Today's Army is blessed with a high degree of esprit-de-corps, that intangible so important to success. Our soldiers are able to maintain a high state of readiness when they know that their families are well cared for and that someone is interested in their well being. That means that morale, welfare and recreation facilities are adequate for their needs; exchanges and commissaries are convenient and responsive to their shopping requirements; and that medical and dental needs are being met in a timely fashion. When we shortchange our soldiers in any of these areas it is seen as reneging on the enlistment contract.

No enlistee ever envisioned the day when the threat of a user fee would become a reality. The very idea that a soldier's dependents would be charged for making a routine visit to the doctor is anathema to our soldiers. Dental insurance for dependents has already become an expense items for dependents, and might we say not always happily accepted. The mere notion that medical expenses may someday follow is not looked upon with much favor. In an era when health insurance is a required benefit to be supported by employers, most of which are much smaller than the Department of Defense, it is hard to rationalize a user fee for the military services. User fees, frequent permanent changes of station without adequate reimbursement of expenses, pay that lags behind civilian contemporaries, housing allowances that are not responsive to economic changes, and long, hard hours of training without quality time for the family, are negative influences in a soldier's life. Some of these are unavoidable in the short-term. Where we have an opportunity to decrease the prospect of all of these acting on a person at any given time we should seize the initiative to do so.

Concerns for recruiting and retention are not only restricted to the active component. As more missions are transferred to the Reserve Component their readiness requirements increase. We must not forget that these personnel have full-time occupations outside of their commitment to the Guard and Reserve. Their training readiness is enhanced when there is adequate full-time support available at the unit level. The active Guard/Reserve Program must be supported at the level requested if we are to perform the administrative, training and logistical functions for the unit commander, thus allowing the unit to concentrate on the actual mission tasks during training periods.

Other personnel issues requiring our attention for the Reserve Component are the need to pass the Reserve Officer Personnel Management Act (ROPMA) introduced in the House of Representatives last January, address the shortage of critical skills in medical specialties, support vocational and technical training under the Montgomery GI Bill for enlisted personnel of the Guard and Reserve, and increase the number of recruiting and retention personnel supporting the Reserve Component.

Additionally, we must work toward making MWR benefits provided to Guard and Reserve members more easily obtainable. Over a period of time the Department of Defense has improved the distribution of commissary and exchange privileges for the RC. It is important to make the facilities available to these soldiers and their dependents when authorized. Benefits are an important condition of service, but when the hassle to participate exceeds its value, the benefit ceases to be an incentive.

Presently, the Total Army is performing in an outstanding manner. It is highly motivated and at a high state of readiness. Our soldiers deserve the best and it is incumbent upon us to ensure that their needs are met.

STATEMENT OF THE NATIONAL DEMOCRATIC POLICY COMMITTEE

Thank you, Mr. Chairman, for the opportunity to testify on Defense Appropriations for fiscal year 1990.

The NDPC rejects the notion of Secretary of Defense Richard Cheney that the Reagan administration "oversold" the Strategic Defense Initiative. The NDPC calls for a renewed emphasis on this program because it is a vital component, not only of our defense requirements, but is also of the profoundest importance for the economic and cultural health of the nation, and for ensuring that World War III does not occur.

The NDPC asked the "intellectual author" of the Strategic Defense Initiative, Mr. Lyndon H. LaRouche, to address this issue for its statement to this committee. Mr. LaRouche prepared this statement while at the Alexandria, Virginia Detention Center, on April 2, 1989. We are happy that Mr. LaRouche responded and excerpts of his remarks follow:

SDI:The Rising Storm   by Lyndon LaRouche

Now, as in 1933, a world which is hyperventilated by chants of "peace," is moving rapidly toward the brink of a new world war. The approaching storm is the true context of U.S Defense Secretary Richard Cheney's unfortunate March 28 remarks to the press, on the subject of the U.S. Strategic Defense Initiative (SDI).

Consider some highlights of a rapidly deteriorating strategic siuation today: 1) The world's leading military power, the Soviet empire, is now seized by a spiral of internal physical-economic collapse. This impels Moscow toward exploiting both its now-emerging war-winning margin of military advantage, and the increasing cowardice of the West, to seek an external military solution for an otherwise hopeless spiral of internal collapse.

2) Echoes of 1912-1914 are felt in two regions of the old Ottoman Empire, the Balkan and Middle East "cockpits." The attempted dismemberment of Yugoslavia is far advanced. We are proceeding rapidly toward a long-expected new war between Israel and Syria, a war which, if it occurs, will almost certainly engulf and destroy the oil-exporting and other sectors of the region.

3) [illegible] shortage. We are in the second of probably three successive years of globally disastrous extremes in weather-system instabilities. In consequence of this, combined with lunatic agricultural policies of the U.S.A. and other governments, perhaps only sixty percent of world grain requirements will be met during 1989, and a worse catastrophe during 1990....

This factor of food-crisis is a leading impulsion tending to provoke the Communist powers into the kinds of external adventures likely to trigger World War III.

4) The global political and economic crises of the coming months will be aggravated by the growing awareness that the U.S. and other governments have all lied monstrously about the HIV ("AIDS'') pandemic, especially since the summer and autumn of 1986....

The HIV ("AIDS'') pandemic is the "Black Death of the Twentieth Century,'' but twice as deadly as the "Black Death" of fourteenth-century Europe. Once this reality is perceived popularly, as will be the case within less than two years, a political panic will take over the population, comparable to the desperate, mass-scale madnesses of the fourteenth century's "New Dark Age."

5) The worst potentials of these four, and other crisis-factors, are about to be accelerated by an outbreak of the deepest financial crisis of the century....

These five listed considerations--Soviet desperation, hot-spots in the eastern Mediterranean, the worsening food shortages, the "new Black Death," and the imminent financial panic--do not encompass explicitly all of the factors impelling the planet toward general war. They have here to highlight the urgency of correcting Secretary Cheney's mistaken assertion, that the Reagan administration "oversold" the SDI.

The following points respecting SDI are chiefly to be considered here:

1) The general strategic crisis now coming to a boil, is the cumulative effect of wrong-headed policy-trends of London and Washington, chiefly those of the past twenty-odd years....

If those capitals are still capable of sanity, they will promptly scrap the rotten fruit of Adam Smith and Thomas Malthus, for a return toward policies modeled upon what Treasury Secretary Alexander Hamilton named "the American System of political economy."...

2) The peculiar, decisive, added feature of the situation, is that the crisis is now "running off the charts."

We are now entering into a "nonlinear" phase-shift in the global situation. We have entered the phase, globally, at which the subjective will of the ruling establishment ceases to control the shaping of events....

The present situation of the Anglo-American [illegible] World War I....

3) Presently, even at this late stage, there exist objective solutions for the terrible crises now threatening us all. A renewed commitment to implementation of the SDI, as announced on March 23, 1983, is an integral, indispensable included feature of any solution for these crises. It would not be, by itself, a solution; but there is probably no solution without it. The SDI is an integral part of the needed solution.

From the moment, on March 23, 1983, President Reagan completed his televised announcement of his Strategic Defense Initiative, congratulations were transmitted to me from numerous parts of the world. For the moment, at least, I had won; my work with the Reagan administration, during all of 1982, and early 1983, had succeeded. Without my personal effort, the March 23 announcement could not have happened; for that reason, I have been described often, in various parts of the world, as "the intellectual author of the SDI."

Such are my credentials for correcting Secretary Cheney's referenced misstatements to the press....

No qualified proponent of strategic nuclear defense has promised that we might, assuredly, destroy 100 percent of enemy war-heads launched against us. Both Western and Soviet proponents (e.g. Sokolovsky, 1962) have stipulated that we must destroy "a strategically significant" ration of the war-heads deployed by the adversary. The object of strategic nuclear defense is not the utopians' dream of an absolutely impenetrable nuclear "fence;'' the object is to ensure that the U.S.A. would survive as a functioning nation, to win a general war, should Moscow attempt a first strike.

"Strategically significant," is the degree of preemptive destruction of Soviet warheads required to assure such standards of survival of the nations of the Atlantic Alliance, and to assure victory over the Soviet empire following that.

The immediately desired objective of strategic nuclear defense, is not to launch war, but to deny Moscow the advantage inherent in a totalitarian state such as its own: nuclear first strike. By neutralizing the Soviets' desired goals of nuclear first strike, we tend to prevent Moscow from launching a first strike....

My central contribution to the theory and practice of the purely military side of strategic nuclear defense, was my unique and crucial personal role in redefining the question of economic feasibility.... The question can be defined competently only from the standpoint of a relatively little-known branch of physical science, Leibniz's science of physical economy. I have the good fortune to be the world's leading specialist in that branch of science.

[illegible]

[illegible] critical problems of military strategic nuclear defense. I made possible a more or less direct correlation of the military with the cultural aspects of warfare, helping us to take into account more adequately the strategically most beneficial sort of "cultural paradigm shift" fostered by U.S. deployment of an SDI based chiefly on "new physical principles...."

"Technological Attrition."

There never was, and will never be a perfect weapon. Every weapon can be rendered effectively obsolete by weapons reflecting more advanced technology. Every change in military technology tends to shift the balance between the relative weights of both strategic and tactical defense and offense.

Exemplary are the motorized armored artillery platform, the "tank," as the solution to trench-warfare stalemates of attrition, and, similarly, the present relative obsolescence of armored-columns of assault under the impact of special forces exploiting the potentials of new classes of weaponry.

Therefore, there is no fixed system of strategic nuclear offense, or defense, which can not be rendered progressively obsolete by improved countermeasures. In conflict between capable modern adversaries, war-planning is premised upon the conception of a continuing race for deployment of superior technologies. New offensive technologies outclass existing modes of defense; new defense technologies outclass countermeasures, and so on, and so forth. This is termed "technological attrition."

The implicit notion is, that the power which is able to realize the higher (faster) rate of technological attrition, wins the war, or, at least, tends to do so, all other considerations being equal. Technological advantage may be compared to having an additional corps to outflank the adversary.

In defining what we call SDI today, back in 1982 and 1983, I assumed that Moscow would develop countermeasures against any strategic defense technology the United States deployed. For purposes of planning, I assumed that the Soviets might deploy such new anti-SDI countermeasures within a period of between three to five years following our deployment of any SDI technology. I described the proposed strategic nuclear defense this way.

I said to myself, and my collaborators, in effect:

"Let us list the successive, foreseeable advantages in technology we can be able to develop and deploy during the coming period of 15 to 20 years. Let us group these, in succession, as Mark I, Mark II, Mark III, and Mark IV. Let us assume, that between three and five years elapses between the deployment of Mark I and the deployment of these more advanced modifications representing Mark II. Assume approximately the same for Mark III and IV."

[illegible] defense procurement procedures, junking McNamara's "systems analysis" (and other by-products of the Hoover Commission recommendations), to return to the traditional "arsenal" system of military procurement. (If McNamara's "reforms" were not designed in Moscow, they could have been.) The principle of technological attrition shows us why the recommendations of the Hoover Commission and "systems analysis" are absurd, and monstrously wasteful, too.

In military procurement, what we must purchase is effective technological attrition. So, in defining the future SDI, I redefined the question of "economic feasibility," to reflect the principle of technological attrition. I assumed, as indicated, a "minor technological revolution" in defense-weaponry deployed, at intervals of between three and five years. This was a simplified, and very practical way to take into account the implied mathematical physics function: rate of advance of technology with respect to time. The latter is the obvious, first-approximation definition of technological attrition....

To solve the question of economic feasibility in terms of some assumed rate of technological attrition, it was necessary to define technology in terms equally applicable to the battlefield as such, and measurement of physical (not monetarist's) rates of growth of productive powers of labor in the economy as a whole.

For example, in the worst imaginable case, the level of expenditure required to provide an adequate strategic defense might draw down so much wealth from the economy, that the productive powers of labor, of the economy as a whole contract, leading toward virtual economic collapse.

If that were the civilian result of a militarily adequate SDI program, SDI might be militarily effective, but not economically feasible. That is comparable to the remedy which conquers the disease, but kills the patient with its side-effects.

In contrast to such a gloomy result, economic feasibility means that the per-capita physical output of the nation continues to increase, even after all defense requirements are met. By "defense requirements," we mean a level of pre-war preparations sufficient to ensure that the nation, and its allies, survive and win a general war under any condition they were forced to war.

In the case of SDI (based chiefly upon "new physical principles''), the tests for "economic feasibility" yielded the happiest kind of result. The rate of economic growth fostered by an SDI based on high rates of technological attrition would be higher than without SDI!

SDI 'Spill-overs'

The results of my economic feasibility studies for SDI were rather widely reported by the National Security Council's Dr. Norman Bailey during spring 1983. Those of us in the team developing the SDI policy laid great emphasis on what we all termed "economic spill-overs." In describing the benefits of SDI technologies to the nation's civilian economy, we referenced the fact the U.S. economy had enjoyed economic benefits from the Kennedy aerospace program many times the U.S.-government's investment in both NASA as a whole and aerospace R&D generally.

Many specialists know of this effect; only a physical economist may show how and why this effect must occur necessarily.

The key to "spill-overs" is the causal connection between the design of a crucial physics experiment and the replication of such a successful experimental design as a new technological capability of either a commercial machine-tool firm, or a military arsenal. The new technology, so implanted in commercial and related machine-tool facilities, is transmitted to the economy at large (chiefly) in the form of improved capital goods of agriculture, manufacturing, and infrastructure. The use of such improved capital goods causes, directly, an increase of the productive powers of labor, and tends thus to increase the (physical) productivity of the labor-force as a whole.

The optimal "spill-over" effect demands economic policies which foster rapid release of new military technologies into the civilian sectors of agriculture, manufacturing, and infrastructure.

For example, during the 1961-1964 Kennedy recovery from the 1957-1960 recession, the aerospace spill-over was fostered by policies including:

1) The "Kennedy" investment tax-credit incentive for capital investments;

2) Relatively favorable capital-gains treatment of reinvested earnings (in contrast to the present tax code);

3) Relatively advantageous borrowing-charges.

If the private sector's farming, manufacturing, and infrastructural sub-sectors are assisted and encouraged to use new technologies embodied in high rates of investment in capital improvements of product and production, the optimal rate of "spill-over benefit" will tend to occur.

It happens to be the case, that the industrial applications of SDI's "new physical growth" imply, axiomatically, the highest rates of growth of per-capita productivity in history.

This meant, in effect, that the only "upper economic limit" on investment in SDI is as much SDI as military requirements dictate.;s1

That excellent economic feasibility (for SDI based chiefly on "new physical principles'') had direct bearing upon the cultural aspect of warfare between the Atlantic Alliance and Moscow. Not only does such an SDI mean a strengthening of non-communist economies, in per-capita and total terms; it has war-winning cultural benefits.

A Tavistock study (Rapoport report) of the social effects of NASA programs, during the mid-1960s, reported that the notable effect was a higher value placed upon rational behavior. Economic growth, especially growth generated by technological progress, has always tended to foster a climate of optimism, and promotes improvements in levels of morality in relations among persons. In contrast, economic collapse, especially when combined with lowered esteem for scientific and technological progress, promotes the Soviet cause.

Opponents of SDI

So-called "critics" of the SDI have tried to make it appear that strategic defense is some sort of "wild-eyed science fiction" idea which had no precedent in military history. In fact, as noted, the idea of strategic defense is as old as current classical military science. Throughout the history of military science, until the late 1950s introduction of a Pugwash Conference ban against strategic nuclear defense, all classical war-planning and related doctrines included the notion of strategic defense....

How did the opposition to strategic nuclear defense, MADness, come into existence? To make the account less complicated, and briefer, let us discuss only facts easily available on the published record.

It began during the postwar period, with Bertrand Russell's contribution to the October 1946 edition of The Bulletin of the Atomic Scientists. On the surface, Russell seemed to say the United States should prepare to launch a "preventive" nuclear war upon Stalin's Soviet Union. Reading Russell's statements on this subject a bit more carefully, Russell actually said "unless." He said, that unless Moscow accepted Russell's plan for a one-world, world-federalist system, the Anglo-Americans should launch a "preventive nuclear war" against Moscow.

Russell also said something else. He said that if Britain and the United States lacked the nerve to prepare a "preventive" nuclear war, we should seek still to win Moscow over to a one-world world-federalist government. He warned, that if we waited until after Moscow had nuclear arsenals, we would have to offer Moscow much more generous terms for joining Russell's one-world socialist empire.... It was at the second meeting of the Pugwash Conference, in 1953, at Quebec, that Russell's crony, Dr. Leo Szilard, set forth the MAD doctrine later associated with Kissinger and McNamara. It was there that Kissinger's circles first actually negotiated (privately) with Moscow, a ban on U.S.A. (not Soviet) strategic nuclear defense.

It was not until McNamara's reign at Defense, that [illegible] was not until Pugwash associate Kissinger became Nixon's national security advisor, that Pugwash arms-control philosophy became official U.S.-Soviet diplomacy openly. It was not until 1972, that Kissinger succeeded in foisting Szilard's 1958 ABM Pugwash deal with Moscow on the United States.

Thus, the origin of the Kissinger-McNamara sort of opposition to SDI, is their adherence to a queer sort of utopian-socialist one-world ideology. Any differences among Russell, H.G. Wells, Szilard, Kissinger, and McNamara are relatively incidental; on the essential features of this issue, they are pods out of the same pea.

Conflict as Cultural Warfare

This past month, the American Catholic Bishops Conference convened in Rome. The proceedings were dominated by a theme treated by Cardinals Ratzinger, Gagnon, and O'Connor, among others. The addresses by Cardinals Ratzinger and O'Connor are of most notable bearing on the subject of SDI.

These cardinals emphasized that the influence of American pragmatism had destroyed the morals and culture of the United States. The U.S. people, in the main, have replaced the search for truth, with a search for an unprincipled consensus. More and more Americans appear to have lost not only the capacity to recognize a difference between right and wrong, but do not regret the loss of that moral faculty.

It is for those reasons, that the policies and agencies of the U.S. government are almost invariably incompetent or worse in matters of foreign policy, intelligence estimates, and strategic planning. I stress here, the typical U.S. officials' bungling incompetence in matters where the influence of culture is more or less decisive in shaping the outcome.

The effort to establish a principled, efficient, and durable perception of common intent, among nations with significant differences in culture, defines the kind of problems to be considered. The strategic-cultural impact of the original SDI, if ever implemented, is the setting in which this class of problem is considered here.

The essential thing which sets all human beings apart from, and absolutely above the beasts, is the quality of the human mind which has enabled mankind to increase the human species' potential population, from approximately 10 millions, to more than 5 billion persons. This unique quality of accomplishment is directly a result of the efficient generation, transmission, and assimilation of what we commonly term scientific and technological progress.

The quality of the human individual which has made such success possible, is what we best name the creative processes of the human mind, processes whose species-quality is characterized by the original discovery of a valid fundamental principle of physical science.

This sort of behavior--such creative processes--could never be simulated by any machine, could never be represented by any digital computer-system, could never be described by means of a function based upon the formalist mathematics of today's mathematical-physics textbook and classroom. The proof of that is axiomatic; any true fundamental scientific discovery overturns one or more among the set of axioms and postulates of any formalist mathematical physics, generating a form of mathematical (logical) discontinuity which is not susceptible of intelligible representation in any system of axiomatic algebra.

This quality of creative potential, insomuch as it sets mankind absolutely apart from, and absolutely above all animal species, is the "axiomatic" center of any rational definition of human individual and collective self-interest.

SDI: The Rising Storm

Immediately we say that, we are confronted implicitly with the concept encountered under the topical sub-heading of "technological attrition." Creative activity is expressed uniquely by valid changes, from one set of consistent assumptions, to a new, superior set of consistent assumptions. So, value does not lie within the confines of any one among the series of such successive sets. Rather, value lies in an implicitly endless procces of generating the successive members of that series. Value is transfinite, in Georg Cantor's sense of the mathematical transfinite.

With man value does not lie in what mankind has produced; value lies in that which ensures progress to more advanced conditions. Human interest lies in the preservation and fostering of an endless process of human perfection, human creative progress. The expression of valid creative activity, if it is for the benefit of mankind as a whole, is a good per se--in the sense Gottfried Leibniz treats such matters in his Metaphysics.

Within this general truth, there is situated an apparent, troublesome contradiction; an echo of the Parmenides Paradox. How do we reconcile individual interest with the interest of the human species as a whole? Nicolaus of Cusa addressed, and solved this apparent paradox, in his De Docta Ignorantia.

We each exist, to the purpose that the sum-total of our mortal individual existence contributes to the efficient power of society as a whole, to the effect of fostering the existence and better development of the creative powers of the individuals, and the entire society which comes after us.

In that way, there is a reciprocal, causal interdependency between true individual self-interest and the true interest of society as a whole. As society requires such a benefit for itself from each of us, society requires for our benefit that which enables us to contribute our portion of benefit to society. Society requires that which fosters our individual development, that we might thus contribute our development's fruits to prompt a better rate of potential development of our society as a whole.

No matter what person, what nations, of what nominal culture, the nature of human self-interest, as we have summarized the argument, is the only true self-interest of each and all.

If, thus, each nation knows such to be its true interest, all nations know themselves to share nothing other than a common interest. Then, nations differ from one another only as a kind of division of common labor varies the special requirements of each.

The true object of statecraft is to bring an efficient, and concrete apprehension of such a form of common interest into being on this planet. Thus, it becomes a central problem of statecraft, that existing cultures induce nations to define individual and national interest in a false way.

The statesman's task on this account is simplified by an understanding of the nature of evil. Evil in all forms has but one origin, and two general degrees of evilness.

The root of all evil is typified by the feminine principle in pagan cults: Shakti, Ishtar, Athtar, Astarte, Isis, Venus, Cybele, et al.--the "Whore of Babylon." Satan is the son-consort of Shakti-Ishtar, Siva, Baal, Osiris, Lucifer, Satan, Dionysos....

The root of evil is the tendency to locate the human identity in the loins, rather than the creative process of the human mind. Evil is the tendency to emphasize one's hedonistic affinities to the mere beasts. Evil is the tendency to associate "race" or "culture" with the domain of some earth-mother-goddess, with a dogma of "blood and soil."

The naughtiness which flows directly from submission to hedonistic impulses irrationally, becomes purely evil, Satanism, when God is attacked on behalf of the feminine principle's cause. All such commitment to the feminine (``old religion'') principle is pure Satanism, the ultimate crime, the ultimate evil.

This consideration warns statecraft that the issue of existent culture confronts us with two kinds of required response. If a culture values the creative mental potential of the human individual, our task is to help to strengthen that feature of the culture, to make that element of value in the culture the basis for offering our collaboration and common interest with that nation. Yet, wherever a "blood and soil" or kindred anti-value appears, we meet the face of our adversary and must do nothing which encourages that corrupt feature of that culture.

For reasons catalogued by Cardinals Ratzinger and O'Connor, consensus-ridden, "other-directed" American pragmatists, are incapable of distinguishing efficiently between right and wrong, and are incapable of grasping the implications of culture we have just identified.

On the surface, SDI is a weapon of warfare. Yet, as I conceived it, it is an instrument for peace. Any policy, which fosters an energetic use of creative powers (scientific and technological progress) to solve a frightening problem of mankind, thus affirms true human self-interest, affirms the true value of the human individual.

So, in that way, the SDI acts efficiently upon the culture of the United States, and of other nations.

The notion of a policy-trend, a sense of directedness underlying a succession of mutually distinct policies, illustrates the way in which culture (e.g., "cultural paradigm'') acts to define the will of a nation. As we influence culture (e.g., cultural paradigms), we affect the policy-trends of nations. We thus shape the future of nations far more profoundly than by seeking to negotiate particular amendments to a particular policy.

Such is the design of SDI. It was designed as a means to check war, and Soviet aggression, in the medium term, while also modifying, subtly, the cultural matrices of many nations, to the purpose of fostering the perception of true human self-interest, and so removing the cause for justified war.

- Note -

1. This applies, of course, only to use of "new physical principles," not KEW systems. Indeed, a global KEW version of SDI is not economically feasible, and could not accomplish its military objectives against obvious kinds of Soviet countermeasures.

SUBCOMMITTEE RECESS

Senator **Inouye**. We will stand in recess until Tuesday, April 11, when we will be in a closed hearing on the B-2 Bomber Program.

[Whereupon, at 10:28 a.m. Thursday, April 6, the subcommittee was recessed to reconvene at the call of the Chair.]

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